MCMining LIMITED

Integrated Report 2018

POWERING AND EMPOWERING THE NATION

SCOPE **OF THE REPORT**

In line with international trends and best practice, MCMining Limited (MCM, MCMining or the Company) presents its annual integrated report for the year ended 30 June 2018.

The contents of this report have been informed by regulatory obligations, our risk management processes and the stated interests of our stakeholders. The financial and non-financial activities and performance of MCM's colliery and projects are covered in this report.

Although the Company only operates in South Africa, our primary listing remains on the Australian Securities Exchange (ASX), with secondary listings on both the Alternative Investment Market (AIM) of the London Stock Exchange (LSE) and the Johannesburg Stock Exchange Limited (JSE). This report complies with Australian Accounting Standards, the Corporations Act, 2001 and the International Financial Reporting Standards (IFRS). The compilation of the Reserves and Resources is according to the Australasian Joint Ore Reserves Committee (JORC) guidelines, carried out by the Company's independent Competent Persons, John Sparrow, Nthabiseng Masunyane and consultants Craig Archer and Cobus Bronn.

This report was compiled according to the King Report on Governance for South Africa, 2009 (King III) and ASX corporate governance principles, as well as the requirements of the Global Reporting Initiative (GRI) guidelines.
In line with our commitment to mine responsibly, we have reported on our sustainability performance with the aim of incrementally improving both our performance and reporting in this area and, in this respect, our reporting is aligned with the principles of the International Council on Mining and Metals (ICMM).

All reference to $ is to United States dollar, unless otherwise stated.

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FORWARD-LOOKING STATEMENT DISCLAIMER

This report contains forward-looking statements which are not historical facts. Any statement that expresses or implies MCMining's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Forward-looking statements involve inherent risks, uncertainties and assumptions including, without limitation, risks related to the timing or ultimate completion of any proposed transactions or projects, and the possibility that benefits may not materialise as expected. If such risks or uncertainties materialise or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements in this report are made as of the date of this report, and MCMining expressly disclaims any obligation to update or correct these statements due to events occurring after issuing this report.

The financial information on which the forward-looking statements are based has not been audited nor reported on by the Company's independent external auditors.

FEATURES OF THE YEAR

1 LTI recorded at Uitkomst

$21m
acquisition of Uitkomst Colliery – our first cash-generative asset

$6.4m
Uitkomst operating cash generated

$32.7m
Uitkomst revenue generated

$12.9m
sales price for the Mooiplaats Colliery

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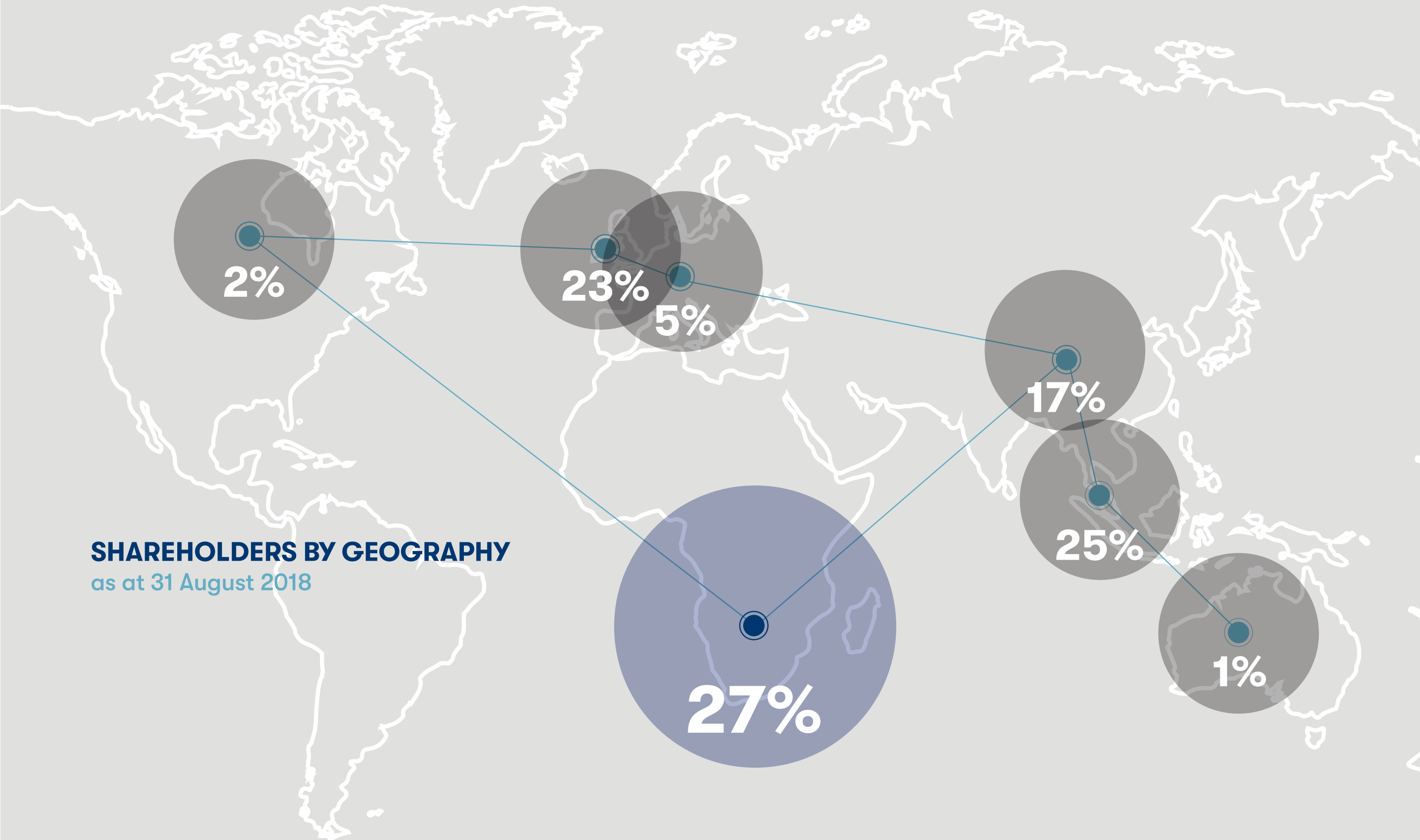
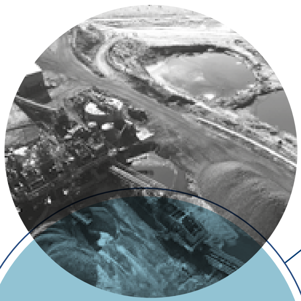


SHAREHOLDERS BY GEOGRAPHY
as at 31 August 2018

OUR VISION:

To be the premier producer of hard coking coal in South Africa



Uitkomst Colliery

25.4Mt
mineable tonnes *in situ*

An operational, underground, high-grade, export quality thermal and metallurgical colliery is situated in KwaZulu-Natal province, South Africa, and has a planned life-of-mine (LoM) extension

Makhado Project

344.8Mt
mineable tonnes *in situ*

Situated in the Limpopo province, South Africa, north of Soutpansberg Mountains, MCMining's flagship project will yield hard coking and thermal coal for domestic and export markets

Vele Colliery

361.6m
mineable tonnes *in situ*

This dual production colliery, semi-soft coking with the option for either thermal export or middlings coal, is situated in the Limpopo province, South Africa and has been on care and maintenance since October 2013

Greater Soutpansberg Project

>1.6bn
mineable tonnes *in situ*

Contiguous to the Makhado Project, a significant resource of hard coking, semi-soft coking and thermal coal products, is in pre-project phase feasibility

SUMMARY OF **OPERATIONS AND PROJECTS**

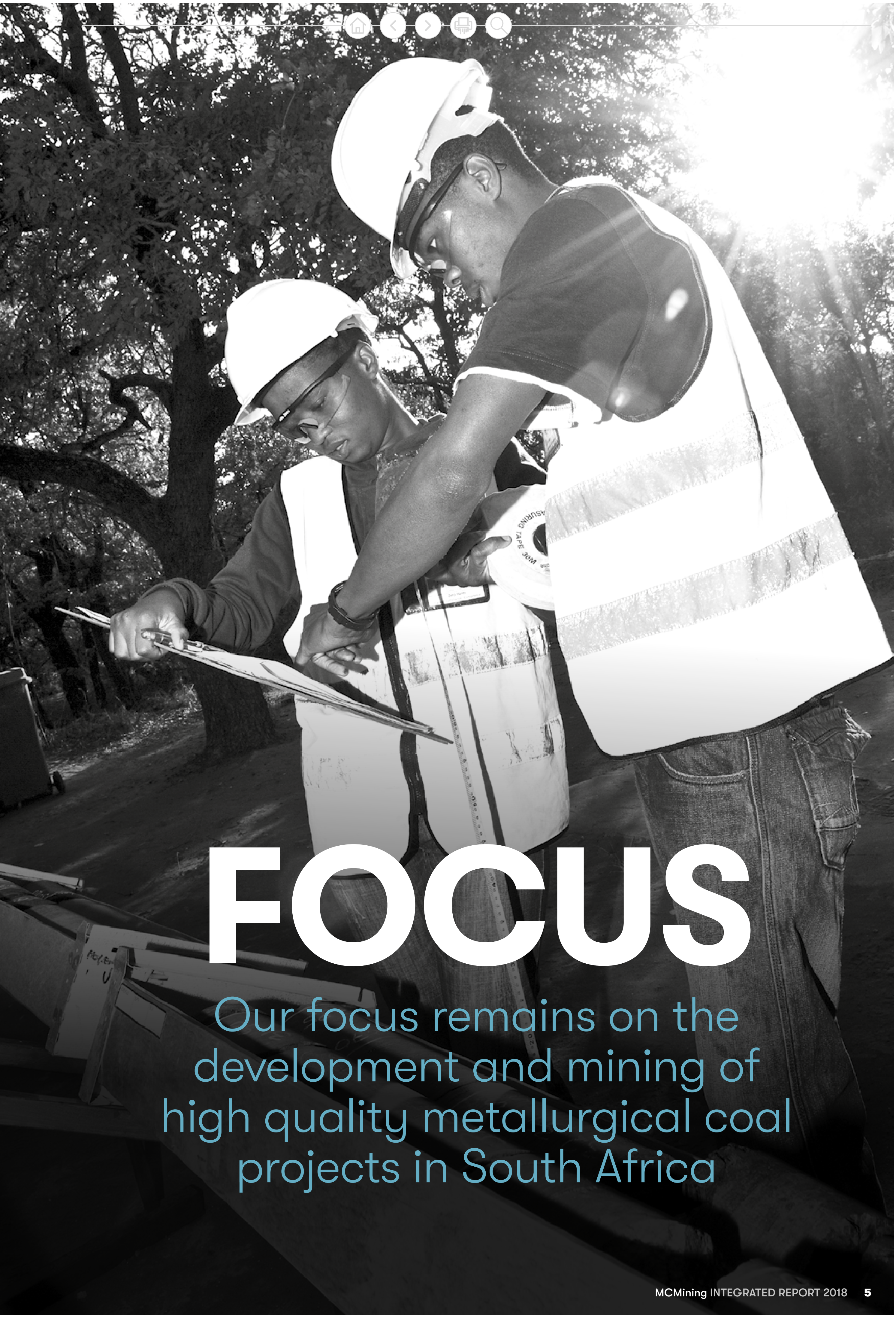
Colliery/ project	District	Location	Status	Licence	Department	Granting date	Duration	Other
Uitkomst Colliery	Utrecht Magisterial District	KwaZulu-Natal province, South Africa	Fully operational	EA	KZNDTEA	October 2013	10 years	Fully compliant
				IWUL	DWS	February 2011	10 years	Fully compliant
				NOMR	DMR	October 2013	10 years	Fully compliant
Makhado Project	Zoutpansberg Magisterial District	Limpopo province, South Africa	Project development	EA	LEDET & DMR	August 2013	LoM	Amended in July 2016, transferred to Baobab, commence-ment period extended to 2021
				IWUL	DWS	January 2016	20 years	Fully compliant
				NOMR	DMR	May 2015	30 years	Fully compliant
Vele Colliery	Musina Magisterial District	Limpopo province, South Africa	On care and maintenance since October 2013	EA	DEA	January 2016	LoM	Fully compliant
				IWUL	DWS	January 2017	20 years	IWUL for non-perennial stream diversion granted Q3 FY2018
				NOMR	DMR	February 2010	30 years	Fully compliant
Chapudi Project	Zoutpansberg Magisterial District	Limpopo province, South Africa	Pre-project phase – feasibility	NOMR	DMR	N/A	N/A	Acceptance of application July 2013
Generaal Project	Zoutpansberg Magisterial District	Limpopo province, South Africa	Pre-project phase – feasibility	NOMR	DMR	N/A	N/A	Acceptance of application August 2013
Mopane Project	Zoutpansberg/ Musina Magisterial Districts	Limpopo province, South Africa	Pre-project phase – feasibility	NOMR	DMR	N/A	N/A	Acceptance of application May 2013

Baobab: Baobab Mining and Exploration (Pty) Ltd
DMR: Department of Mineral Resources
DWS: Department of Water and Sanitation
EA: Environmental Authorisation
IWUL: Integrated Water Use Licence
KZNDTEA: KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
LEDET: Limpopo Department of Economic Development, Environment and Tourism
NOMR: New Order Mining Right

Uitkomst Colliery FY2018 key features

	FY2018
~ Number of employees and contractors	556
ROM production (t)	505 130
Sales (t)	475 079
Revenue ($'000)	32 693
Gross profit ($'000)	5 353
Revenue/t ($)	63.52
Production cost/saleable tonne ($)	50.38

ROM: run-of-mine



FOCUS

Our focus remains on the development and mining of high quality metallurgical coal projects in South Africa

YEAR IN REVIEW

CHAIRMAN'S **STATEMENT**

"MCMining is committed to producing high quality metallurgical and thermal coal and to achieve this, we will continue to develop the Company's prospects."

I am pleased to report that MCMining delivered on many of the year's targets, most notably the sale of the Mooiplaats Colliery and the integration of the cash-generative Uitkomst Colliery. These initiatives are critical to the creation of a self-sufficient, mid-tier mining company and reduce the requirement for shareholder support. During the period, we continued to progress our flagship Makhado Project and also changed the Company's name to MCMining, reflecting our significant long-term metallurgical coal prospects. We are hopeful that construction of the Makhado Project will commence in CY2019.

The Company has been exposed to increased risk for some years emphasising the need for cash-generative assets and stringent cost controls. The sale of the Mooiplaats Colliery contributed to the de-risking of our balance sheet and concludes a critical step in our restructuring plan, while reducing our overhead costs. The proceeds of the transaction will be used for project development or acquisitive growth, initiatives that add impetus to our drive to be self-sustaining. This drive for self-sufficiency was partially satisfied by the Uitkomst Colliery which benefited from rising global coal prices. This successful acquisition also demonstrates our ability to make astute investments and resulted in a general banking facility, reflecting financial institutions' growing confidence in the Company.

Positive global economic growth continued during the year, leading to higher demand for bulk commodities. This had a positive effect on thermal and metallurgical coal prices with hard coking coal prices improving while thermal coal prices continued to show strength as a result of limited market supply. We anticipate that prevailing market conditions will continue, supporting favourable hard coking and thermal coal prices for the foreseeable future.

The development of our flagship, fully licensed, Makhado Project will position MCMining as the predominant producer of hard coking coal in South Africa. Unfortunately, the complex relationship between mining, agriculture and the legislated land claims process to redress historically dispossessed South Africans has delayed surface rights access. This access is necessary to commence the development of the Makhado Project and MCMining has limited influence over the land claims processes. The Board approved a comprehensive review of the project with a view to improving fund raising prospects for Makhado. This resulted in a revised development plan, reducing capital requirements and moderating risk while optimising financial returns.

The corporate activity completed during the last 18 months has resulted in our staff complement increasing from approximately 85 employees to approximately 200 employees, and with the acquisition of the Uitkomst Colliery contract miner's operations subsequent to year-end, an additional 340 Kethekile Mining (Pty) Ltd (Khethekile) personnel joined the Company. We remain committed to operating at the highest standards of safety, ensuring best practice, and MCMining recorded only one lost time injury (LTI) during the 12 months.

The Board understands its role as custodian of good corporate governance, approving the Company's strategic direction and providing continuous oversight of the executive management team. Critical to delivering on these responsibilities is ensuring that we have a skilled and diverse Board and there were various changes to the directorship during the reporting period. I believe that the current Board has the appropriate balance of experience and diversity of perspective required to ensure value creation for stakeholders.

MOVING FORWARD

Investing in South Africa requires flexibility and patience as the mining industry continues to face regulatory challenges due to legislative uncertainty and complexity. The Company is attuned to the legal and social challenges facing mining companies and the period witnessed negotiations between the DMR and stakeholders regarding the third iteration of the South African Mining Charter. The country needs to develop and implement policies that will provide long-term certainty for investors as this is critical for future competitiveness and the number of employment opportunities that the industry creates.

Our projects are positioned to take advantage of the global coal project exploration and development slow-down and we believe that metallurgical coal is an enabler for infrastructure development while thermal coal remains a reliable and sustainable energy source. MCMining is committed to producing high quality metallurgical and thermal coal and to achieve this, we will continue to develop the Company's prospects. The focus for the next financial year will be the acquisition of a second cash generator, continued profitable operations at Uitkomst and securing access to the Makhado Project surface rights.

RECOGNITION

On behalf of the Board, I would like to thank our Chief Executive Officer (CEO), David Brown and the staff for their dedication and hard work. I also extend my appreciation to my Board colleagues for their efforts during the year. Finally, I would like to thank shareholders for their continued support.

Bernard Pryor
Chairman

CEO'S **REPORT**

"Our cost-control initiatives and the acquisition of Uitkomst as a cash generator, represent a significant step towards achieving our goal."

YEAR IN REVIEW

The Uitkomst Colliery, acquired at the end of June 2017, provided the Company with a full year of operations with pleasing results, assisted by favourable international coal prices. We also continued to progress the Makhado Project and completed a revised development plan during the period. This results in reduced capital requirements, a shorter construction period leading to earlier than planned production, an extended life-of-mine (LoM) and amended sales and marketing plans. The Makhado Project's revised development plan is expected to deliver similar, positive returns to those previously published.

Uitkomst contributed positive cash flows while Group overhead costs were lower as a result of the successful sale of the Mooiplaats Colliery. MCMining's cash position increased by $1.3 million year-on-year and the Company has access to finance facilities of over $10.5 million to continue development of its projects.

The South African mining regulatory environment remains extremely complex but despite this, the Company was successful, primarily as a result of our strategy to work collaboratively and follow process. We continued to progress the regulatory approvals required for our projects and had further success with the lifting of the interim interdict against the Makhado Project's EA. Makhado has all the required regulatory approvals to commence construction and the planned development of the Company's flagship project during CY2019 will have a positive impact on employment in the Limpopo province and contribute to local community upliftment.

SAFETY, HEALTH AND ENVIRONMENT

The three areas of safety, health and environment continue to be at the centre of all our endeavours along with "doing it right first time" and this approach has been implemented at Uitkomst post the acquisition of the Colliery on 30 June 2017. Unfortunately, we recorded one LTI at Uitkomst in June 2018, our first LTI in four years. The Group's focus for the last year has been on ensuring our codes of practices are up to date and in line with required practice, delivering a culture of continued adherence to the rules and regulations, including those at the Vele Colliery, which continued on care and maintenance during the period.

The Group's staff complement has increased from approximately 85 to over 650 people, including contractors, following the acquisition of Uitkomst. Approximately 340 Khethekile employees became permanent Uitkomst employees with the acquisition of the contract miner's operations post year-end.

Despite the increase in staff, we have concentrated on the reduction in risky behaviour through the continual reinforcement of standards, with risk assessments being the norm together with visible felt leadership.

Our major focus with regards to health matters continues to be the prevention of TB and HIV using educational programmes. These initiatives have been implemented at Uitkomst and the Company undertakes annual as well as entry/exit medicals for personnel. Furthermore, the integration of the Colliery resulted in renewed focus on noise induced hearing loss (NIHL) and other specific health risks. Vele Colliery and the Makhado Project are located in the Limpopo province which elevates the importance of malaria prevention and treatment, particularly during the rainy reason.

On the environmental front, Uitkomst has an ongoing programme monitoring and certifying compliance with regulatory requirements and ensuring mining has minimal impacts on the region, particularly its water resources. We had regulatory success with the approval of the Vele Colliery IWUL by the South African DWS in terms of the National Water Act, allowing for a stream diversion as well as associated infrastructure activities. This was the remaining regulatory approval required for the plant modification process. The granting of the IWUL demonstrates that the Company's collaborative approach with regulators is the key to success. The Colliery's Environmental Management Committee (EMC) continues its good work, monitoring compliance on the care and maintenance side and on ensuring the Biodiversity Offset Agreement (BOA) benefits the parties to the agreement.

PRODUCTION AND SALES

The Uitkomst Colliery is an underground operation, mined on a conventional drill and blast, board and pillar design in the Utrecht Coalfield of KwaZulu-Natal. The Colliery has a remaining LoM of approximately 16 years, including a planned mine extension to the north, and awaits approval of an amendment to its IWUL for the development of this extension. The south mine is an easily accessible and well-established operating mine with existing infrastructure including power, water supply, buildings, workshops, weighbridge, water storage and management facilities.

Uitkomst is a high-grade, thermal export quality coal deposit with metallurgical applications and the Colliery sells a 0 – 40mm product into the domestic metallurgical market for use as pulverised coal, while the sized coal (peas) is supplied to local energy generation facilities.

During the year, Uitkomst processed a total of 607,960t (FY2017: 823,643t) of raw coal comprising 505,130t (FY2017: 481,547t) of run-of-mine (ROM) coal and 102,830t (FY2017: 342,096t) bought-in during the period reducing as a result of a supply contract expiring during the period. This generated sales of 475,079t comprising 329,060t (FY2017: 291,163t) from ROM coal, 53,689t (FY2017: 61,211t) of slurry used for blending and 92,330t purchased ROM tonnes blended and sold (FY2017: 317,846t).

Production at Uitkomst was affected by underground mining contractor equipment availability challenges resulting in the commencement of negotiations to acquire Khethekile's contract mining operations. This transaction was completed subsequent to year-end and resulted in Uitkomst acquiring all the conveyors and underground mining and transportation equipment and the transfer of approximately 340 staff to the colliery.

FINANCIAL PERFORMANCE

MCMining's FY2018 revenue of $32.7 million from Uitkomst together with the balance sheet restructuring initiatives resulted in the Company's cash balance increasing slightly on the prior year. The $10.9 million (FY2017: $9.6 million) cash balance at year-end and the Industrial Development Corporation of South Africa Limited (IDC) and Rand Merchant Bank (RMB) facilities reflect positively on the initiatives implemented during the year while the Uitkomst Colliery generated operating cash flows of $6.4 million during the period.

The sale of Mooiplaats in November 2017 for $12.9 million (R179.9 million) resulted in the receipt of an initial payment of $4.8 million of which $1.1 million was paid to Black Economic Empowerment (BEE) partner, Ferret Mining and Environmental Services Proprietary Limited, in full and final settlement of their equity. The balance of the purchase price, being $8.1 million will be settled in 10 equal quarterly instalments with the first payment received in August 2018. The sale of Mooiplaats will yield estimated annual cost savings of $1.4 million.

MCMining's improved credit rating resulted in the release of $1.5 million from the restructuring of rehabilitation-linked guarantees and investments due to excess collateral in these instruments while $9.1 million of the $18.2 million three year IDC loan was available at year-end.

The loss for the year increased to $101.6 million (FY2017: $15.6 million) and contributing to the loss were non-cash charges of $92.5 million (FY2017: $9.3 million) including:

- Impairment of the investment in Vele of $87.5 million (FY2017: $nil)
- Unrealised foreign exchange loss of $2.2 million (FY2017: gain $2 million, the R/$ exchange rate continues to be volatile and gains/losses from these elements are unpredictable
- Depreciation and amortisation of $1.5 million (FY2017: $0.4 million)
- Share based payment expense of $1.3 million (FY2017: $0.3 million)

CORPORATE MATTERS AND PROGRESS ON STRATEGY

The Company has historically relied on shareholder funds to continue and therefore our cost-control initiatives and the acquisition of Uitkomst as a cash generator, represents a significant step towards achieving our goal of becoming 'self-sufficient' and successfully transitioning from a project development company to one of developer and producer. The cash generated by Uitkomst contributed to a portion of corporate costs and the Company continues its search for a second cash generator, assessing various opportunities in South Africa. The objective is to acquire another cash generating asset but unfortunately we have not been able to conclude a transaction that meets our criteria.

The remaining element of the five-point turnaround strategy published in 2013 was the sale of Mooiplaats. The increase in international coal prices, improved economics and our perseverance finally paid off with the disposal of the colliery. This transaction allows the Company to focus on extracting value from Uitkomst and the Makhado Project, while the status of the Vele Colliery within the Group is being assessed.

The Mooiplaats Colliery was sold in FY2018 for $12.9 million with the first $4.8 million received during the year. The remaining $8.1 million will be received in quarterly instalments with the first payment of $810k received in August 2018, following receipt of Section 102 approval in terms of the Mineral and Petroleum Resources Development Act (MPRDA). The proceeds from the Mooiplaats sale will be used to develop our projects.

The Company therefore did not require additional equity raises during FY2018. Furthermore, MCMining was unable to secure debt facilities in previous years due to the lack of a cash generator within the Group and the delay in the sale of Mooiplaats. The acquisition of Uitkomst and the sale of Mooiplaats during the period facilitated the establishment of a 'normalised' banking relationship and the Company secured a $1.5 million general banking facility from RMB, a step in obtaining the necessary support to complete the corporate rehabilitation.

The Company previously secured a $18.2 million three-year loan from the IDC for the advancement of Makhado, reflecting government support for this vital project. As at the end of the period, MCMining had drawn down $9.1 million (FY2017: $9.1 million) with the balance available on demand. The following balance sheet restructuring initiatives have been concluded as at the date of this report:

- Successful disposal of the Mooiplaats Colliery for $12.9 million with $4.7 million received by year-end
- Increase of the Uitkomst BEE interest to 30% ensuring the colliery complies with the draft Mining Charter III ownership requirements
- Successful integration of Uitkomst and post year-end purchase of the underground mining contractor and additional equipment
- Restructuring of mining and prospecting guarantees and investments resulting in the release of $1.5 million

PROJECTS

The Makhado Project has all of the required regulatory permissions and successfully obtained a High Court of South Africa judgement during the period, discharging an interim interdict against its EA. The interim interdict, originally granted in December 2014, was issued in an attempt to prevent the Company from undertaking mining and construction activities at Makhado. The Company requires access to the Lukin and Salaita farms to confirm geotechnical information prior to construction commencing. These properties are subject to a South African government land claim process and MCMining is monitoring the progress thereof and any potential effects this process has on the Makhado Project construction timetable. However, in parallel, the Company has commenced a statutory process to obtain access to the properties by virtue of its Mining Right.

During FY2018, MCMining completed a Competent Persons Report for the reworked Makhado 'Lite' Project, a rationalised version of the original Makhado Project with project returns similar to those previously published. This rationalisation reduces the construction period to 12 months (originally 26 months) and is an extremely exciting development as it facilitates quicker execution of the Makhado strategy with a shorter time to production and reduced capital expenditure, accelerating delivery of hard coking and thermal coal.

The Company commenced hard coking and export thermal coal off-take discussions with various parties during the period and these discussions are at an advanced stage. We anticipate that formal documentation will be concluded during H1 FY2019. Discussions with potential funders have also commenced and various funding structures for Makhado are being assessed.

The Vele Colliery continued on a care and maintenance basis and any reopening will be subject to timing of the Special Economic Zone (SEZ) and reprioritisation of Makhado. The Company continued to progress Vele's regulatory matters and with the receipt of the IWUL for the stream diversion, the outstanding regulatory requirement for infrastructure activities. A review of the investment in Vele during the period resulted in an $87.5 million impairment during the year and Vele's status within the Group is being assessed.

The Company assessed several potential targets during the period but none met our criteria and thus will not be pursued. We continue our search for a second cash generator and hope to finalise a transaction during FY2019 using the following criteria for the acquisition:

- Cash-generative
- LoM greater than 10 years
- No major capital expenditure required during the first two years after purchase
- Cost effective logistics in place
- Total investment of less than $40 million (±R500 million)

These criteria restrict the potential targets available but the Company is still targeting a couple of further opportunities.

THE MARKET

The Company changed its name from Coal of Africa Limited to MCMining Limited during the period to reflect its potential growth, particularly of its hard coking (metallurgical) coal prospects. The rebranding of the Company appropriately recognises its operational focus – the development and mining of high quality metallurgical coal projects in South Africa.

> "The rebranding of the Company appropriately recognises its operational focus – the development and mining of high quality metallurgical coal projects in South Africa."

The metallurgical and thermal coal markets were favourable during the course of the year with coking coal prices remaining positive with spikes in the market due to supply constraints, driven mainly by weather-associated disruptions in Australia. Prices remained positive during FY2018 but the long-term pricing outlook remains encouraging. Thermal coal prices are expected to be higher for CY2018 than CY2017, in part, due to continued efforts in China to reduce their own coal supply but also due to steady demand. Thermal and coking coal prices are expected to be positively impacted by continued strong demand and the supply dynamics which have seen lower investment in new mine development in the recent past, coupled with a scarcity factor for premium hard coking coal.

OUTLOOK FOR THE NEXT YEAR

Our vision remains that MCMining becomes the premier hard coking coal producer in South Africa. The Company will continue to build on the progress made during FY2018 and the post

STRATEGY

VELE COLLIERY RESOLUTION

If sold:

- Bolster balance sheet from proceeds of assets sold
- Reduction of overheads

If kept:

- Value add to the Company in short-term

ACQUISITION OF A SECOND CASH GENERATOR

- Increase earnings and cash generation
- Move the Company to self-sufficiency

MAKHADO PROJECT ADVANCEMENT

- Secure access to surface rights
- Marketing contracts
- Project funding
- Move the Company towards self-sufficiency

UITKOMST COLLIERY IMPROVEMENT INITIATIVES

- Integrate Khethekile contractor operations (post balance sheet completion)
- Optimise production from mining assets
- Acquisition of new mining equipment post year-end
- Start planning around north audit

balance sheet acquisition of Khethekile facilitates further operational efficiencies.

RISKS

The ability to execute depends on a number of factors that include, but are not limited to, access to capital both in the form of equity and debt, the predictability of the regulatory environment as well as commodity prices.

The proposed changes to the draft Mining Charter III in South Africa are concerning and the need for a predictable long-term regulatory environment cannot be understated. The most recent revision addressed some of the mining industry's concerns and will hopefully encourage foreign direct investment which is vital for the industry. Regulatory certainty is a key requirement for long-term investment and the creation of a robust mining sector that will create 'new' mining opportunities.

As the Company is now a producer, renewed focus on safety is vital, particularly with the acquisition of Khethekile, and reinforcement of our safety ethos with all of our 'new' employees will continue.

During the next financial year, we will continue to drive access to the Makhado Project in parallel with the funding and marketing processes. Dependent on all the relevant factors such as regulatory and funding, we are hopeful that the construction of this project will commence during the next calendar year.

The Company will also evaluate the options around the acquisition of a potential second cash generator, driven by the need to become 'self-sufficient' from a cash generation point of view. Furthermore, we will evaluate the appropriateness of the Vele Colliery in our investment suite.

APPRECIATION

Thank you to shareholders who have continued to back the Company – we would not have achieved the great progress so far without your support.

I also thank the team for their enthusiasm and perseverance and continuing to deliver successful execution and positive results during challenging times. My appreciation to the Chairman as well as old and new Board members for their continued guidance and support.

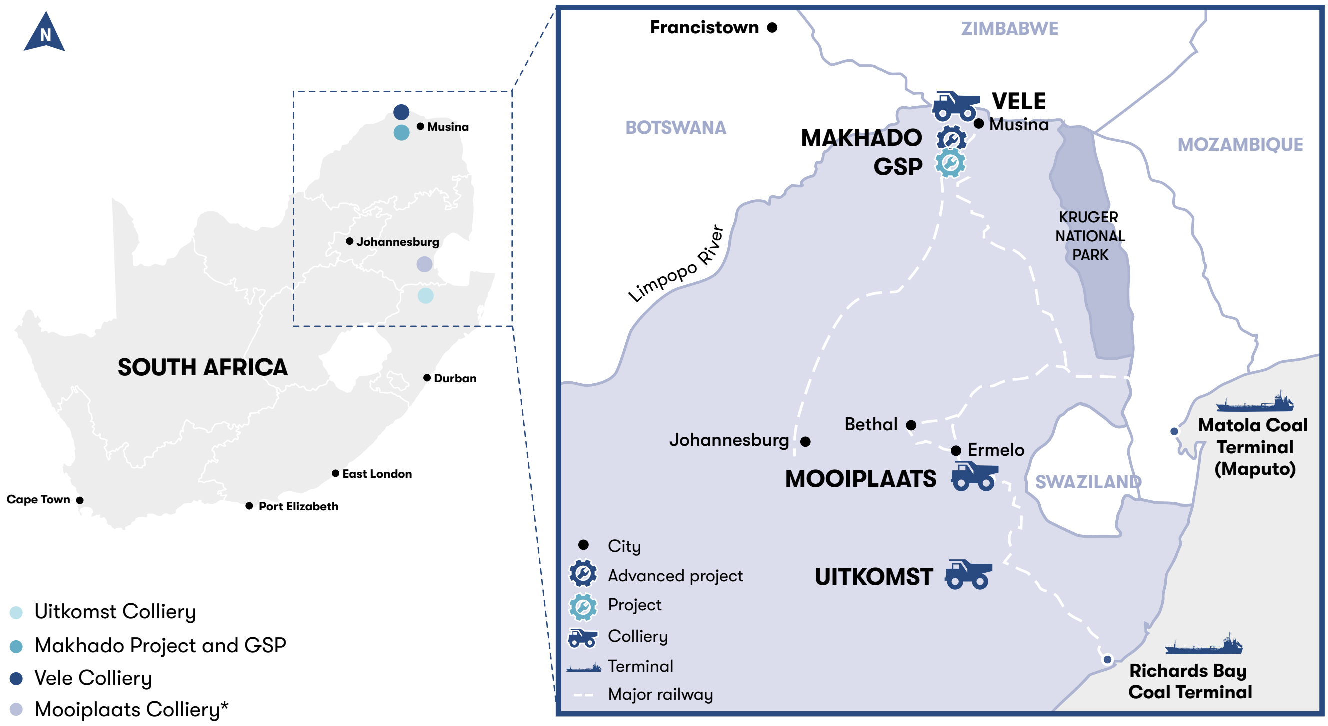
MCMining is positioned for growth and I look forward to working together as we develop our projects.

David Brown
Chief Executive Officer

OPERATIONS AND PROJECTS

MCMining has high-quality coking and thermal coal assets located in the Limpopo and KwaZulu-Natal provinces of South Africa. The Company's key projects include the Uitkomst Colliery (metallurgical coal), Makhado Project (hard coking and thermal coal), Vele Colliery (semi-soft and thermal coal) and the Greater Soutpansberg Projects (GSP) (coking and thermal coal).

LOCATION OF OPERATIONS AND PROJECTS



- Uitkomst Colliery
- Makhado Project and GSP
- Vele Colliery
- Mooiplaats Colliery*

* *Asset sold in the period under review*

Colliery/project	Location	Status
Uitkomst Colliery	KwaZulu-Natal province, South Africa	Fully operational
Makhado Project	Limpopo province, South Africa	Project development
Vele Colliery	Limpopo province, South Africa	On care and maintenance since October 2013
GSP comprising the Mopane, Chapudi and Generaal Projects	Limpopo province, South Africa	Pre-project phase – feasibility

SHARED VALUE

Makhado has the potential to transform the project area, the district and the Limpopo province through a shared value approach

UITKOMST COLLIERY

At the end of June 2017, the Company acquired a 91% interest in Uitkomst Colliery in the Utrecht Coalfields of KwaZulu-Natal. The remaining 9% was held by broad-based BEE trusts, including employees and communities, and a black industrialist.

Uitkomst is a high-grade, thermal, export quality coal deposit with metallurgical applications, comprising an existing underground coal mine with approximately 16 years remaining LoM, including a planned LoM extension. The colliery currently mines the south adit (horizontal shaft) and has applied for an amendment of its IWUL to include an adit to the north, its LoM extension. Uitkomst comprises well-established infrastructure including a processing plant, power and water supplies, buildings and has the required environmental and social permits in place.

The colliery employs approximately 556 employees (including contractors) and reported one LTI during the year when a contractor employee injured his arm while underground.

Uitkomst sells sized coal (peas) products and a 0 – 40mm product is sold into the domestic metallurgical market for use as pulverised coal, while peas are supplied to local energy generation facilities.

Uitkomst's marketing strategy ensures that it is positioned to take advantage of higher international coal prices and weakening of the South African rand. The key production and financial metrics are recorded in the following table.

"Uitkomst was cash-generative for the year, generating operating cash flows of $6.4 million."

	FY2018	FY2017	%
Production tonnages			
Uitkomst ROM (t)	505,130	481,547	5
Purchased ROM to blend (t)*	102,830	342,096	(70)*
	607,960	**823,643**	(26)
Sales tonnages			
Own ROM (t)	329,060	291,163	13
Slurry used for blending (t)	53,689	61,211	(12)
Purchased ROM to blend (t)*	76,889	292,672	(74)
Purchased ROM to wash (t)	15,441	25,164	(39)
	475,079	**670,210**	(29)
Financial metrics			
Revenue/t ($)	63.52	50.23	26
Production costs/saleable tonnes ($)	50.38	45.08	12

* Contract completed during the year

Uitkomst's south adit comprises two underground mining sections and, despite the geological and mining contractor equipment availability challenges, ROM production at the colliery increased 5% to 505,130t compared to the prior year's 481,547t, yielding coal sales of 329,060t (FY2017: 291,163t). Uitkomst also produced saleable coal by blending slurry, a by-product of the ROM coal processed, and 53,689t (FY2017: 61,211t) was sold during the 12 months. The colliery also purchases ROM coal from nearby collieries which is sold after blending or processed through the washing plant. This resulted in sales of 76,889t (FY2017: 292,672t) sold directly after blending whilst 15,441t (FY2017: 25,164t) was sold after processing. The decline in buy-in ROM coal compared to the prior year is due to the expiry of a coal supply contract during the period and the colliery is reviewing potential alternative sources of supply.

Uitkomst was cash-generative for the year, generating operating cash flows of $6.4 million with revenue per tonne improving 26% on FY2017 due to improved international coal prices. This resulted in the colliery procuring a 12-month, $1.5 million general banking facility from RMB.

During the reporting period, the Company sold an additional 21% interest in Uitkomst to BEE shareholders on a vendor financed basis to meet, amongst other things, the requirements of the draft South African Mining Charter. This resulted in current BEE shareholders that includes employees and local communities and a black industrialist, increasing their interest in the colliery while the transaction structure results in no material effects to cash flows attributable to MCMining during the repayment period.

Underground operations at Uitkomst were historically undertaken by an independent contract miner. This contract miner experienced equipment availability challenges during the reporting period. The Company had to institute various initiatives to bring about an increase in ROM production compared to the prior year. Investigations into possible solutions to improve equipment availability were also instigated and gave rise to Uitkomst acquiring the contractor's business operations at Uitkomst and this process, including the securing of all regulatory approvals, was completed during August 2018.

MAKHADO PROJECT

Significant progress has been made to advance the construction of MCMining's flagship project in the Soutpansberg Coalfield. The Makhado Project has the potential to transform not only the project area, but also the district and the Limpopo province, through a shared value approach.

The Makhado Project, which has all the regulatory permits required to commence mining, stretches across five farms, with seven beneficiary communities. In March 2015, the Company signed an agreement with the Makhado Colliery Community Development Trust to acquire a 20% stake in the project. An agreement was also signed with a black industrialist enabling the acquisition of a 6% interest in the project and the IDC acquired a 5% shareholding in Makhado in terms of its $18.2 million loan facility to assist with the development of the project.

The MCMining Board approved the revised evaluation plan for the Makhado Project during the year, facilitating the potential unlocking of near-term shareholder value by reducing capital expenditure and shortening the construction period. The revised Makhado Project plan results in a 12 month construction period and the colliery will have a 46 year LoM, with potential for future expansion of mining and processing if appropriate. The Company requires access to two farms to confirm geotechnical information prior to construction. These properties are subject to the South African government's legislated land claims process. In the interim, the Company has commenced the process to obtain access in terms of its Mining Right, governed by the South African (MPRDA).

Independent mining experts Minxcon completed a Competent Persons Report on the Makhado Project during the reporting period and the results confirmed Makhado's significant near-term value. The Company also commenced hard coking and export thermal coal off-take discussions with various parties and expects that a substantial portion of Makhado's hard coking coal will be sold locally with the balance sold on international markets.

During 2016, the South African cabinet announced the designation of the South African gazetted Musina-Makhado SEZ. The SEZ is a strategic intervention to accelerate economic development through greater investment in the Vhembe region, expanding the manufacturing and mineral beneficiation sectors. Hard coking coal from Makhado can potentially reduce South Africa's dependency on importing its current requirements, lowering the cost of steel production locally and simultaneously improving the country's balance of payments through exports. Makhado will also produce a thermal coal that can be exported or used as an energy source locally.

> "The revised Makhado Project plan results in a 12 month construction period and the colliery will have a 46 year LoM."

VELE COLLIERY

In October 2013, Vele Colliery ceased operations and remained under care and maintenance during the reporting period.

The Vele Colliery continues to comply with the conditions of its IWUL, originally granted in 2011, and extended for a further 20 years in December 2016 by the DWS. During the year, the DWS granted the IWUL amendment, completing the suite of regulatory authorisations required for the Vele Colliery plant modifications.

Vele monitors compliance with regulatory and licensing requirements through internal inspections, external audits conducted by the DWS, as well as audits conducted by the Environmental Compliance Officer. Vele also participates in the Project Steering Committee in line with the historic BOA between the Company, the Department of Environmental Affairs (DEA) and the South African National Parks (SANParks), signed in October 2014.

MCMining also participates in the EMC, established as an oversight committee in terms of our EA. The EMC comprises various stakeholders from regulatory authorities, relevant organs of state, municipal representatives, civic society and stakeholders identified during the initial public process. The EMC's mandate is to monitor Vele's compliance in respect of the EA and IWUL. The EMC meets quarterly, with one meeting per year held at Vele, at which time site visits are conducted.

The changes in certain macro-economic conditions since Vele was placed on care and maintenance and a shift in the Company's strategic focus to prioritise the Makhado Project resulted in the carrying value of the colliery being reassessed during the reporting period. This assessment included the redevelopment of the Vele Project to better align with the timing of the SEZ, resulted in the forecast production date for Vele Colliery being delayed and a formal impairment assessment was completed during the year. Management adopted the fair value less costs of disposal approach to estimate the recoverable amount of Vele and due to the carrying amount being greater than the recoverable value, the colliery incurred an impairment charge of $87.5 million.

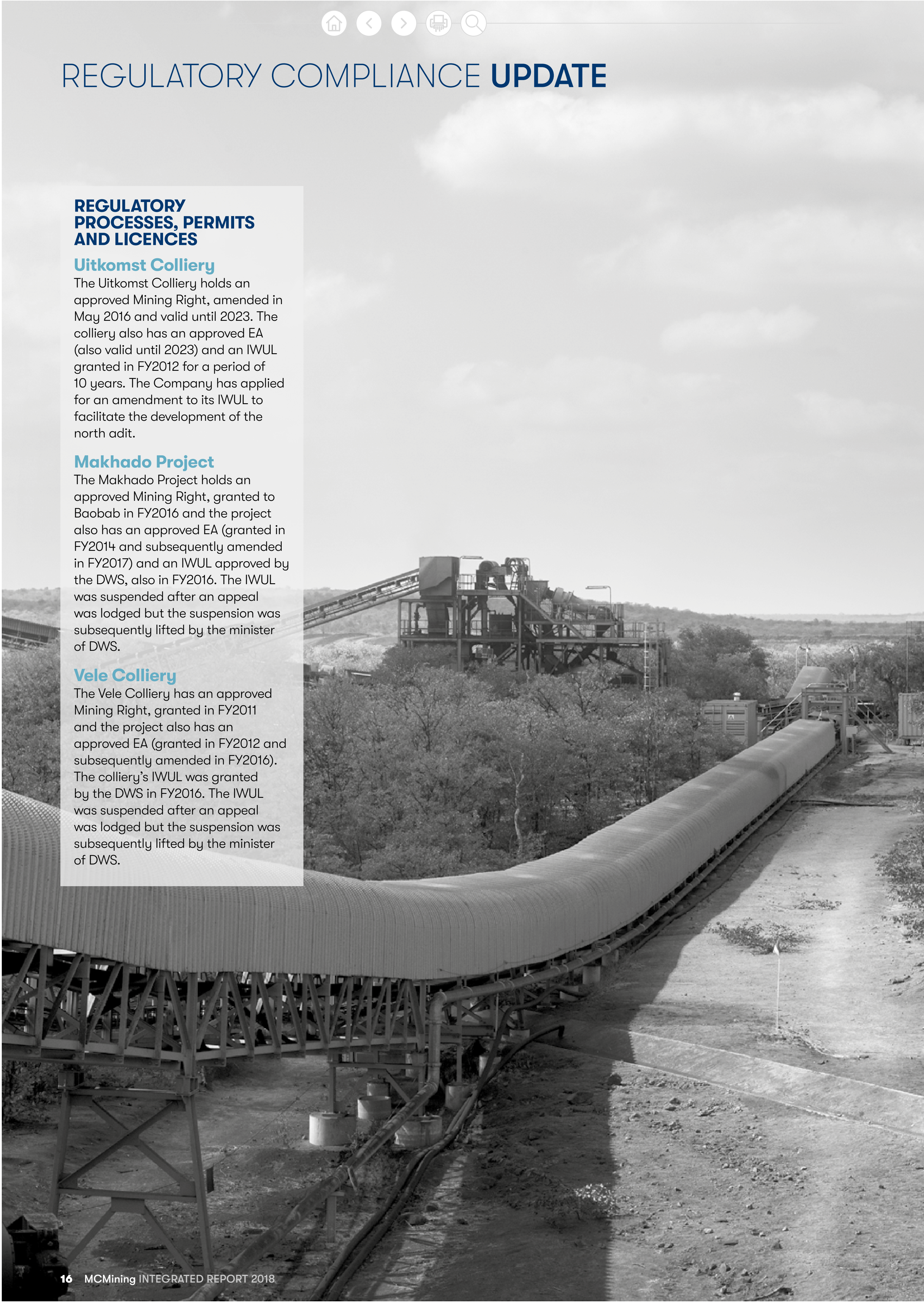
GREATER SOUTPANSBERG PROJECT

The GSP, situated to the north of the Soutpansberg Mountains, comprises of three projects namely Mopane, Generaal and Chapudi. These are owned by MbeuYashu (Pty), a company jointly owned by MCMining (74%) and its BEE partner, Rothe Investments (Pty) Ltd (26%).

MCMining submitted applications for the NOMR for these three projects during 2013 and awaits the DMR's record of decision. The model of co-existence between mining, agriculture and heritage developed at the Vele Colliery will be implemented within the GSP.

There were no activities relating to this project during the period under review.

REGULATORY COMPLIANCE **UPDATE**



REGULATORY PROCESSES, PERMITS AND LICENCES

Uitkomst Colliery

The Uitkomst Colliery holds an approved Mining Right, amended in May 2016 and valid until 2023. The colliery also has an approved EA (also valid until 2023) and an IWUL granted in FY2012 for a period of 10 years. The Company has applied for an amendment to its IWUL to facilitate the development of the north adit.

Makhado Project

The Makhado Project holds an approved Mining Right, granted to Baobab in FY2016 and the project also has an approved EA (granted in FY2014 and subsequently amended in FY2017) and an IWUL approved by the DWS, also in FY2016. The IWUL was suspended after an appeal was lodged but the suspension was subsequently lifted by the minister of DWS.

Vele Colliery

The Vele Colliery has an approved Mining Right, granted in FY2011 and the project also has an approved EA (granted in FY2012 and subsequently amended in FY2016). The colliery's IWUL was granted by the DWS in FY2016. The IWUL was suspended after an appeal was lodged but the suspension was subsequently lifted by the minister of DWS.

RESERVES AND RESOURCES **STATEMENT**

INTRODUCTION

MCM reviews and reports its Mineral Resources at least annually to coincide with its financial year-end of 30 June. If there are any material changes to the Mineral Resources over the course of the financial year, the Company is required to promptly report these changes.

The Uitkomst Colliery was mined continuously for the entire year and the drilling conducted during 2017/2018 was validated and incorporated into the geological and mining models. With respect to MCMining's projects, no further exploration occurred during the reporting period and while the projects have been continuously evaluated, there has been no addition or reduction in the Resources or Reserves.

The following summary of the Resource and Reserve statement for MCM's operations and projects is compliant with the Committee for the Mineral Reserves International Reporting Standards (CRIRSCO) of November 2013, which is a requirement due to the fact that MCM has its primary listing on the ASX (ASX: MCM:AU) with secondary listings on United Kingdom AIM (AIM: MCM:LN) and the JSE (JSE: MCL:SJ).

Under the auspices of CRIRSCO the reporting is required to be compliant to the relevant National Reporting Organisations and is required to be founded on the central principles of transparency, materiality and competence and provided on an "if not, why not" basis.

The various projects are the subject of Competent Persons reports that are all JORC, 2012 and The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC), 2016 compliant. The Competent Persons used in this report are:

- Makhado was evaluated by Minxcon Consulting Engineers and an independent report dated 1 January 2018 was prepared
- The Uitkomst Colliery was evaluated by Minxcon Consulting and their report, effective 28 February 2017, it is based on this report that updating of the geological and mining models has occurred
- Vele Colliery was evaluated by VBKom mining engineers and an independent report dated 1 March 2017 was presented
- GSP were evaluated by Venmyn Deloitte consultants and their report dated 1 February 2017 was prepared

BY WHOM IS THIS STATEMENT PREPARED

The principle Competent Persons involved in this declaration are Mr Sparrow and Ms Masunyane in terms of the Resource declaration and Mr Bronn and Mr Archer in terms of the Reserve declaration. Mr Sparrow and Ms Masunyane are in the full time employ of MCM, Mr Sparrow as the Group geologist, Ms Masunyane as the principle geological modeller. Mr Bronn and Mr Archer are both consultants to MCMining; Mr Bronn in terms of the projects and Mr Archer in terms of Uitkomst Colliery.

Competent Person	Affiliation
JCHK Sparrow	SACNASP 400109/03
N Masunyane	SACNASP 400226/10
MJ Bronn	SAIMM 704125
CW Archer	SAIMM 706388

SACNASP: South African Council for Natural Scientific Professions

SAIMM: South African Institute of Mining and Metallurgy

Mr Sparrow and Ms Masunyane are registered professional scientists of good standing with SACNASP and Mr Bronn and Mr Archer are both qualified mining engineers and registered member of good standing with SAIMM.

All parties have consented to the inclusion of the Resources and Reserves in this FY2018 report.

The units of measure in this report are metric, with tonnes (t) = 1,000kg.

This report includes technical information that requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur MCMining does not consider them to be material.

Terminology used herein is English, with English spellings utilised throughout.

BACKGROUND

MCM has a number of operations and projects that will be reported.

OPERATING COLLIERY

Uitkomst Colliery, KwaZulu-Natal province, Republic of South Africa (GPS coordinates Lat: 27° 36'02.99"S, Long: 30°08'06.51"E).

OPERATIONS ON CARE AND MAINTENANCE

Vele Colliery, Limpopo province, Republic of South Africa (GPS coordinates Lat: 22° 9'29.28"S, Long: 29°38'41.24"E) has been on care and maintenance since October 2013.

PROJECTS AT VARIOUS STAGES OF DEVELOPMENT

Makhado Project, Limpopo province, Republic of South Africa (GPS Coordinates Lat: 22°48'13.44"S, Long: 29°57'44.52"E) was granted a NOMR in May 2015.

Chapudi Project, Vhembe Magisterial District, Limpopo province, Republic of South Africa (GPS coordinates Lat: 22°52'52.36"S, Long: 29°39'41.72"E). NOMR application submitted June 2013. This project consists of the Chapudi, Chapudi West and Wildebeesthoek sections.

Generaal Project, Vhembe Magisterial District, Limpopo province, Republic of South Africa (GPS coordinates Lat: 22°40'34.46"S, Long: 30°8'51.19"E). NOMR application submitted April 2013. This project consists of the Generaal and Mount Stuart sections.

Mopane Project, Vhembe Magisterial District, Limpopo province, Republic of South Africa (GPS coordinates Lat: 22°32'42.06"S, Long: 29°48'51.40"E). NOMR application submitted March 2013. This Project consists of the Voorburg and Jutland sections.

Makhado Extension Project, Vhembe Magisterial District, Limpopo province, Republic of South Africa (GPS coordinates Lat: 22°45'33.18"S, Long: 30°4'10.34"E). This project is currently under a New Order Prospecting Right application.

RESERVES AND RESOURCES **STATEMENT** CONTINUED

PROJECTS DISPOSED OF DURING THE FINANCIAL YEAR

The Mooiplaats Colliery was sold during the financial year and the Resources and Reserves have been removed from the Resource and Reserve summary.

SUMMARY OF THE MCMining LIMITED RESOURCES AND RESERVES

The Mineral Resource and Reserves statement has been extracted from the independent technical reports compiled by Minxcon consulting, VBKom Consulting Engineers and Venmyn Deloitte. These technical reports can be viewed at www.mcmining.co.za/technical-reports.

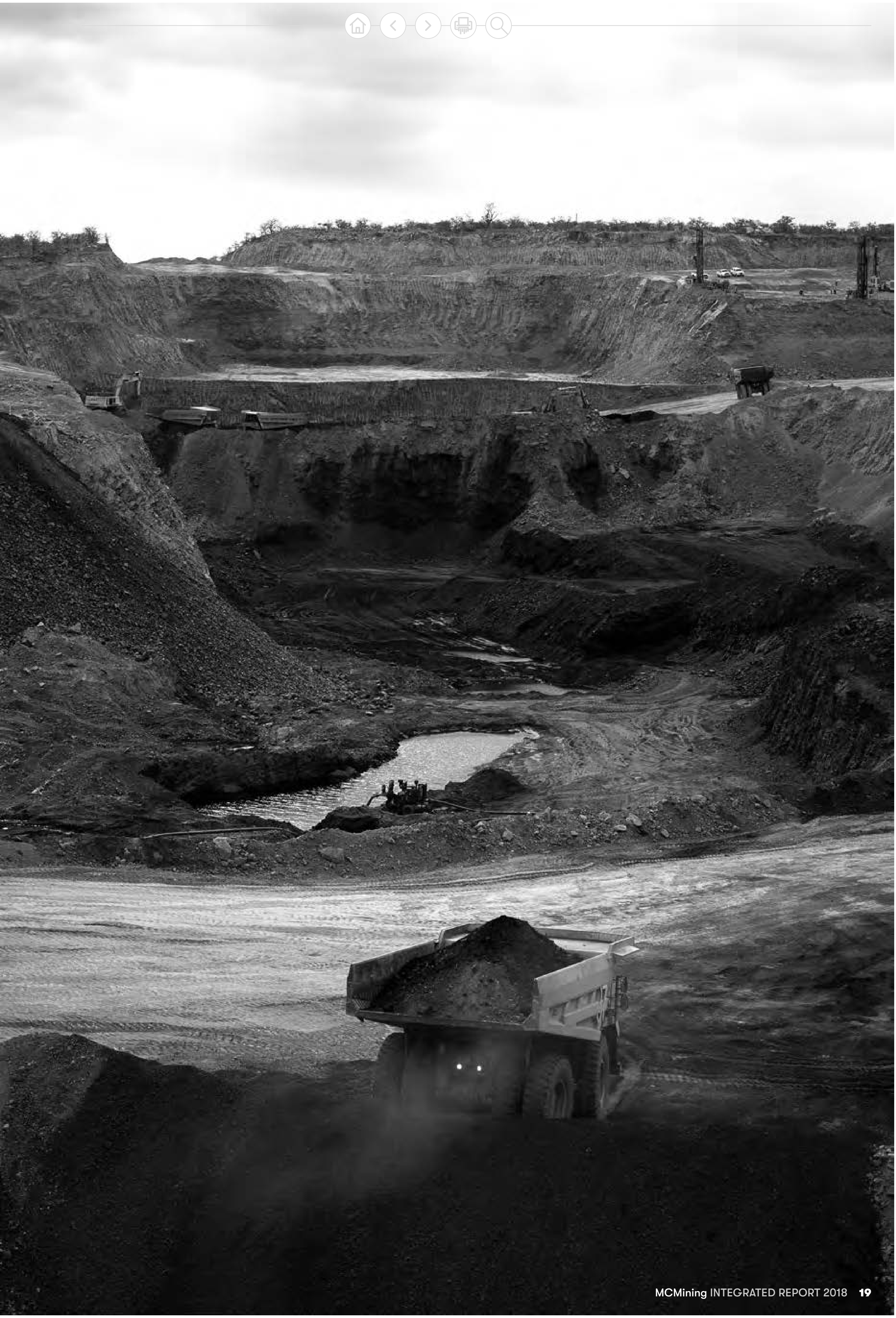
The Resources and Reserves are at 30 June 2018 for all assets. The statement below is relevant to the mineral assets under MCMining's control on this date. They have been based on reliable exploration and mining results (where appropriate) and accurately estimated using industry best practice standards of modelling. The Resources and Reserves have been correctly classified according to the JORC Code, 2012. The relevant Competent Persons in the employ of the Company: Mr Sparrow, Ms Masunyane, Mr Archer and Mr Bronn consent to the inclusion of this extract of the Resources and Reserves into the 2018 MCMining Integrated Report.

MCMining Resources [1]

Project/operation [2]	Resource category [3]	GTIS	TTIS	MTIS	MCM attributable interest	MCM attributable MTIS Resources
		Mt	Mt	Mt	%	Mt
Vele Colliery		148.166	133.349	86.112	100	86.112
Uitkomst Colliery [4]		17.400	16.530	15.700	70	10.990
Mopane Project [5]	Measured	109.435	98.492	94.916	97	92.012
Makhado Project		402.781	362.503	265.025	69	182.867
Makhado Extension Project [6]		42.245	38.020	36.241	100	36.241
Total Measured Resources		**720.026**	**648.894**	**497.993**		**408.221**
Vele Colliery		426.854	362.826	200.303	100	200.303
Uitkomst Colliery [4]		5.000	4.500	4.300	70	3.010
Mopane Project [5]	Indicated	125.034	106.279	100.507	96	96.444
Makhado Project		298.595	253.806	76.743	69	52.953
Makhado Extension Project [6]		29.581	25.144	23.226	100	23.226
Total Indicated Resources		**885.064**	**752.554**	**405.080**		**375.936**
Vele Colliery		218.932	175.145	75.154	100	75.154
Uitkomst Colliery [4]		6.800	5.780	5.400	70	3.780
Mopane Project [5]		36.239	28.991	24.001	88	21.130
Makhado Project	Inferred	94.232	75.386	2.998	69	2.069
Generaal Project [7]		407.163	325.730	55.511	100	55.511
Chapudi Project [8]		6,399.023	5,119.219	1,318.481	74	975.676
Makhado Extension Project [6]		12.301	9.841	7.346	100	7.346
Total Inferred Resources		**7,174.690**	**5,740.092**	**1,488.891**		**1,140.665**
Grand total Resources		**8,779.781**	**7,141.540**	**2,391.963**		**1,924.822**

GTIS: gross tonnes *in situ* TTIS: total tonnes *in situ* MTIS: mineable tonnes *in situ*

1 www.mcmining.co.za/technical-reports
2 MCMining does not own the surface rights to all farms over which it has rights
3 The JORC and SAMREC compliant coal Resource is at 30 June 2018 and is inclusive of Reserves
4 Uitkomst Colliery has undergone some operational drilling that has improved the confidence on the Resources
5 Mopane Project consists of the Voorburg and Jutland sections
6 Makhado Extension Project is held under a New Order Prospecting Right application
7 Generaal Project consists of Generaal and Mount Stuart sections
8 Chapudi Project consists of Chapudi, Chapudi West and Wildebeesthoek sections



RESERVES AND RESOURCES **STATEMENT** CONTINUED

MCMining Reserves [1]

Project/operation	Resource category [2]	MTIS Reserve	ROM tonnes [3]	Saleable primary product tonnes	Saleable secondary product tonnes	MCM attributable interest
		Mt	Mt	Mt	Mt	%
Vele Colliery	Proven	23.806	25.280	4.666	9.682	100
Uitkomst Colliery		11.865	7.314	4.546		70
Total Proven		**35.671**	**32.595**	**9.212**	**9.682**	
Vele Colliery	Probable	301.371	266.115	47.848	117.751	100
Makhado Project [2]		188.250	172.757	25.637	44.536	69
Uitkomst Colliery [5]		2.497	1.447	0.922		
Total Probable		**492.118**	**440.319**	**74.407**	**162.287**	
Grand Total Reserves		**527.790**	**472.914**	**83.618**	**171.969**	

1 www.mcmining.co.za/technical-reports
2 The Makhado Project is based on the published feasibility study and a current front end engineering and design
3 The declared coal Reserves are based upon the Measured and Indicated coal Resource only
4 Tonnages reported in millions of tonnes and rounding of weighted averages may have occurred
5 Uitkomst Colliery Reserves are based on a detailed LoM layout (1 July 218) and has taken into account the improved Resource classification due to drilling done in 2016/2017

RESOURCE AND RESERVE STATEMENT COMPARISON

The only operation that has undergone any change is Uitkomst Colliery. A drilling campaign in 2016/2017 has been incorporated into the geological and detailed mining planning models and the changes in the Resources and Reserves are due to the improved confidence classification based on that drilling and has considered the production for the financial year 2017/2018.

MCMining Resources [1, 2, 3]

Operation	Resource category	GTIS	TTIS	MTIS	MCM attributable interest	MCM attributable MTIS resources
		Mt	Mt	Mt	%	Mt
Uitkomst Colliery	Measured	1.207	1.147	1.126	70	0.788
Total Measured Resources		**1.207**	**1.147**	**1.126**		**0.788**
Uitkomst Colliery	Indicated	0.240	0.216	0.250	70	0.175
Total Indicated Resources		**0.240**	**0.216**	**0.250**		**0.175**
Uitkomst Colliery	Inferred	1.900	1.615	1.400	70	0.980
Total Inferred Resources		**1.900**	**1.615**	**1.400**		**0.980**
Grand total Resources		**3.347**	**2.978**	**2.776**		**1.943**

1 www.mcmining.co.za/technical-reports
2 The declared Reserves are based upon the Measured and Indicated coal Resources only
3 Tonnages reported in millions of tonnes and rounding of weighted averages may have occurred

MCMining Reserves [1, 2, 3]

Operation	Resource category	GTIS	ROM tonnes	Saleable primary product tonnes	Saleable secondary product tonnes	MCM attributable interest
		Mt	Mt	Mt	Mt	%
Uitkomst Colliery	Proven	2.916	0.890	0.364	0.000	70
Total Proven Resources		**2.916**	**0.890**	**0.364**	**0.000**	
Uitkomst Colliery	Probable	-0.010	-0.353	-0.233	0.000	70
Total Probable Reserves		**-0.010**	**-0.353**	**-0.233**	**0.000**	
Grand total Reserves		**2.906**	**0.537**	**0.130**	**0.000**	

[1] www.mcmining.co.za/technical-reports
[2] The declared Reserves are based upon the Measured and Indicated coal Resources only
[3] Tonnages reported in millions of tonnes and round of weighted averages may have occurred

The sale of all interest in the Mooiplaats Colliery has resulted in the removal of the following Resources and Reserves from the FY2017 statement:

MCMining Resources

Operation	Resource category	GTIS	TTIS	MTIS	MCM attributable interest	MCM attributable MTIS resources
		Mt	Mt	Mt	%	Mt
Mooiplaats Colliery	Measured	70.571	67.043	42.485	74	31.439
Mooiplaats Colliery	Indicated	10.972	9.326	1.581	74	1.170
Mooiplaats Colliery	Inferred	4.275	3.420	0.098	74	0.073
Grand total Resources		**85.818**	**79.789**	**44.164**		**32.682**

MCMining Reserves

Operation	Resource category	MTIS	ROM tonnes	Saleable primary product tonnes	Saleable secondary product tonnes	MCM attributable interest
		Mt	Mt	Mt	Mt	%
Mooiplaats Colliery	Proven	29.228	19.693	10.276	5.100	74

GOVERNANCE ARRANGEMENT AND INTERNAL CONTROLS

MCMining has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal control. The Company has engaged external independent consultants to update the Mineral Resource in accordance with the JORC Code, 2012 and SAMREC, 2016.

SUSTAINABLE DEVELOPMENT REVIEW

CREATING **SUSTAINABLE VALUE** THROUGH A SHARED VALUE APPROACH

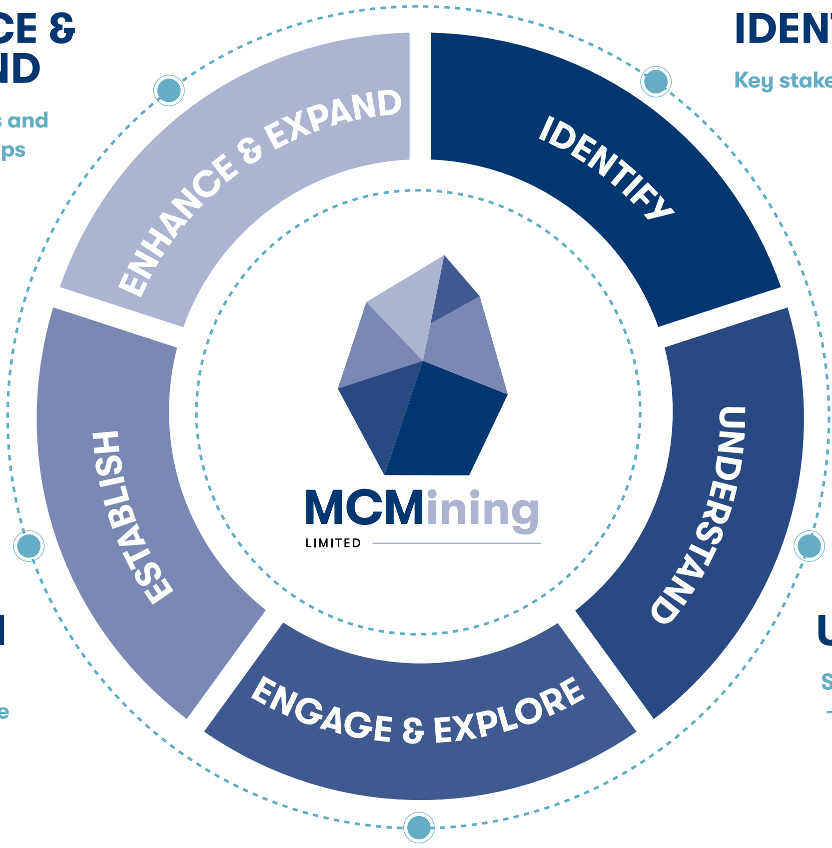
Earning and maintaining our social licence to operate

ENHANCE & EXPAND

Programmes and partnerships

IDENTIFY

Key stakeholders



ESTABLISH

Partnerships and programmes to drive socio-economic transformation

UNDERSTAND

Stakeholder environment – needs, challenges and opportunities

ENGAGE & EXPLORE

Synergistic opportunities

SAFETY AND **HEALTH**

Our number one priority is our greatest asset, our people. Above all else, the safety and health of our people takes precedence and we employ a proactive and preventive approach towards ensuring that each day we achieve our goal of no harm.

VISIBLE FELT LEADERSHIP

The Company's leadership engages in regular visible felt leadership and visits the operation and projects to ensure that safety remains a priority.

RISK MANAGEMENT

The identification, analysis and mitigation of risks remains a primary area of focus at MCMining. Safety Management Systems and risk management is geared towards potential hazards and controls and related contractor-based risks. Mandatory codes of practice are regularly reviewed and updated ensuring practices remain relevant and that all risks are identified and appropriately mitigated.

CONTRACTOR MANAGEMENT

MCMining manages contractors as employees and ensures compliance to all relevant procedures required for a safe working environment.

SAFETY PERFORMANCE

During the period under review MCMining recorded one LTI when a contractor employee at the Uitkomst Colliery injured their hand.

ENSURING A HEALTHY WORK ENVIRONMENT

The Company remains totally committed to ensuring our workforce is healthy and MCMining's health system is premised on the conviction that occupational disease is preventable.

We have adopted robust medical assessments as well as a medical monitoring programme to achieve our aim of no new cases of occupational diseases and preventative management will continue during FY2019.

OUR PEOPLE, OUR ASSETS

MCMining's focus is on ensuring a zero harm culture is embedded in all activities. The reporting of near-miss and high potential incidents continues to play a fundamental role in driving a safety culture that is committed to achieving zero harm at our operation and projects. The integration of the Uitkomst Colliery increased our staff complement and our focus continued to be on:

Visible felt leadership	**Risk management**	**Contractor management**

PRIMARY HEALTHCARE

MCMining's commitment remains on ensuring a healthy workforce and we make primary healthcare services available to employees and contractors which includes, amongst others, family planning, antenatal care, chronic disease monitoring and medication, HIV counselling and testing as well as anti-retroviral treatment and malaria testing and prevention.

OCCUPATIONAL HYGIENE

An independent occupational hygienist is employed to conduct regular occupational hygiene monitoring at our operation and projects ensuring compliance with airborne pollutants, thermal stress and occupational noise requirements.

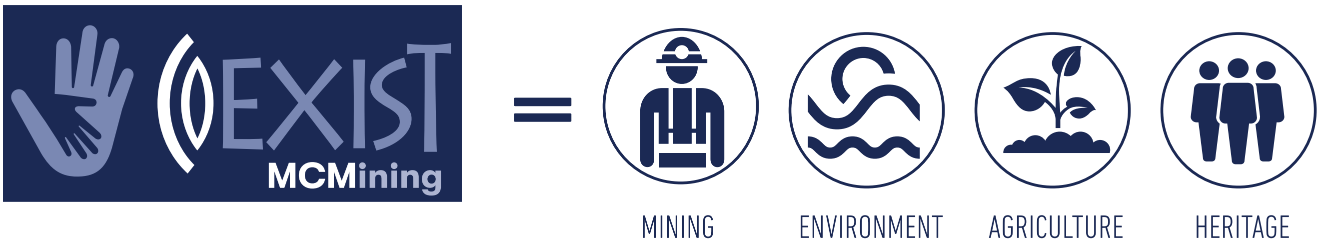
STAKEHOLDER **ENGAGEMENT**

MCMining operates in a very dynamic, multi-stakeholder environment which includes shareholders, communities, government, environmental groups, and the broader civic society. Perceptions towards mining and its impacts remain negative, and there is increasing opposition to mining projects.

We recognise therefore, that there is a link between positive corporate performance and societal progress. Our stakeholder engagement model is based on a shared value approach in which we seek to create lasting value for stakeholders, for our communities in particular, while achieving economic success.

Engaging with our stakeholders (those who are interested in and affected by our operations and projects) is fundamental to creating sustainable value. Our engagement strategy, managed at an executive level in the corporate affairs department, aims to build lasting relationships through inclusive, transparent and regular engagement.

Our engagement activities are unique to each stakeholder group, in line with the mandates, concerns and issues of each group. Our strategy for community development is premised on the need to foster social cohesion and create an enabling environment for the development of sustainable communities.



Engagement with regulatory authorities, at a national, provincial and local level, is regular and interactive and focuses on compliance within the framework of the mining industry. This proactive engagement has resulted in partnerships with various authorities as we jointly promote the aims of the National Development Plan (NDP) to increase employment, improve skills and build capacity.

The South African legislative environment is dynamic, requiring proactive engagement with authorities to maintain our legal licence to operate. This has resulted in continued and sustained compliance with the regulatory framework of the MPRDA, National Environmental Management Act (NEMA) and the National Water Act (NWA).

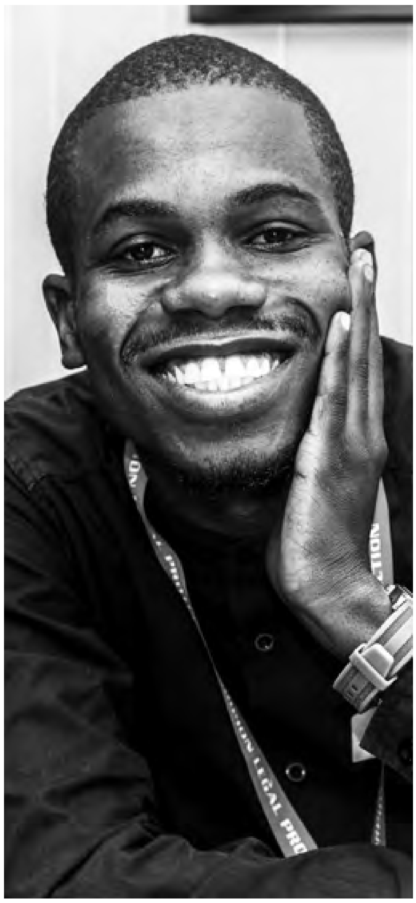
Our commitment to and active and direct participation in the EMC, established for the Vele Colliery in 2011, has resulted in increased levels of compliance, and new benchmarks set in relation to the co-existence of mining, environment, agriculture and heritage.

MCMining's CO-EXISTENT MODEL

The membership of the EMC includes representatives from relevant organs of state at a national, provincial and local level, civic society (represented by the Save Mapungubwe Coalition), farmers' forum and other stakeholder groups identified during the environmental impact assessment (EIA) process. The quarterly meetings are well attended, and are characterised by robust debate and constructive discussion on global best practice. There is a shared mindset to ensure improved levels of compliance at Vele Colliery.

THE MAKHADO PROJECT

We continue to make progress to advance the Makhado Project. The huge potential of this project to drive socio-economic development within and amongst the project's seven beneficiary communities can only be reached through our shared value approach.



Ownership of the project

The Makhado Project is located within a multi-stakeholder environment, stretching across five farms, with seven beneficiary communities. The signature of an agreement, between the Company and the Makhado Colliery Community Development Trust, to enable the acquisition of a 20% stake in the project was the culmination of a two-year process of engagement with the various communities on the structure and shareholding split of the Trust to reach a consensus view on equal split of the shares amongst communities.

Baobab, the operating entity for the Makhado Project is owned as follows:

Baobab

MCMining (69%)	Makhado Colliery Community Development Trust (20%)	Industrial Development Corporation (5%)	Yoright Investments (6%) BEE entrepreneur

Makhado Colliery Community Development Trust (20%):

Fripp Community (Mudimeli, Nlulambwane, Nekuvule) Development Trust (39%)	Musekwa Community Development Trust (13%)	Makushu/ Mosholombi Community Development Trust (26%)	Pfumembe Community Development Trust (13%)	Venda Kingdom Development Trust (9%)

MAKHADO
Regulatory status

Licencing	Surface rights access	Off-take agreement	Funding
Fully permitted • NOMR • EA • IWUL	Two farms to be accessed for confirmatory geotechnical drilling and heritage studies	Marketing agreements to be secured for the hard coking and thermal coal	Funding to be raised

Licencing

The Makhado Project has the complete suite of regulatory authorisations required. During the period, the Pretoria High Court dismissed, with costs, the interim interdict against the project's EA, obtained by the Vhembe Mineral Resources Forum and others. This favourable judgement was received after years of protracted litigation with this group to halt all mining and associated activities. The judgement is a further confirmation of the Company's beyond compliance approach at Makhado, and government's support of the project.

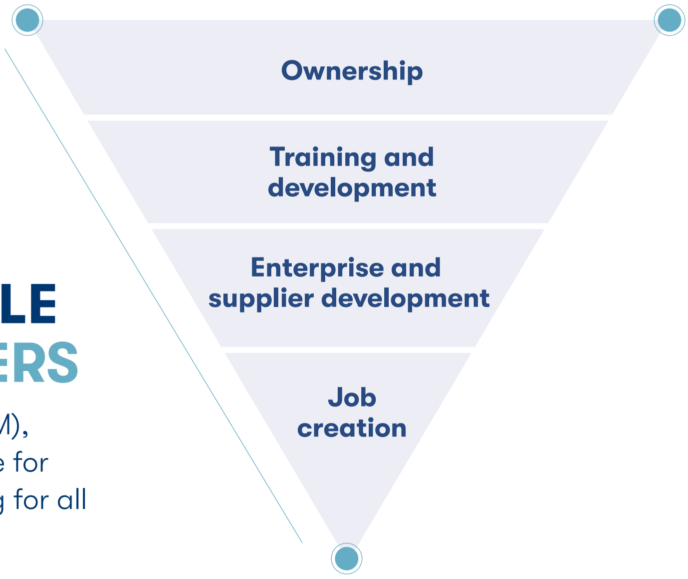
We continue to engage with regulatory authorities as the Makhado Project progresses. In January 2018, Baobab submitted an application for amendment to the EA in terms of NEMA due to a change in scope relating to the Makhado Lite Project, which required an interim change to product transport from rail, to road.

Surface rights access

For mining activities to commence on Lukin and Salaita, the Company requires access to these two privately owned farms. These farms are subject to a government run and managed land claims process for claims lodged by the Musekwa community, one of the shareholders in the Makhado Project. The Company has commenced the process to obtain access to the two farms in terms of its Mining Right.

CREATING AND ENHANCING SUSTAINABLE VALUE FOR STAKEHOLDERS

Through Makhado's Sustainable Value Model (SVM), we strive to create and enhance sustainable value for stakeholders by maximising the benefits of mining for all stakeholders, in particular communities.



Ownership

The Makhado Colliery Community Development Trust holds a 20% stake in the Project.

Training and development

The first intake of students was registered at the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA) accredited Makhado Centre of Learning (MCoL), on 2 October 2017, for various Workplace Readiness Programmes (WRPs). In January 2018, this group progressed to the Digital Learning Programme.

The second intake commenced with WRPs in January 2018 and are scheduled to complete their course at the end of September 2018. Currently, there are just under 200 students registered at the MCoL.

Enterprise and supplier development

The aim of the Makhado Enterprise Development Programme is to create sustainable jobs through the establishment and expansion of small and medium enterprises.

Some of the Makhado Centre of Learning employees from our beneficiary communities

Job creation

More than 850 jobs will be created during the 12 month construction phase of the Makhado Project and about 650 permanent jobs will be created during mining operations.

The project has already created 10 jobs through the MCoL, all of whom come from the seven beneficiary communities.

We continue to build lasting relationships with our stakeholders as part of our programme of readiness – preparing communities for the Makhado Project and ensuring that they are capacitated to access the opportunities which the project will provide.

MCMining's community centred SVM creates the basis for all our engagement activities and our transformative initiatives. We continue to measure progress against each of the pillars in the model.

VELE COLLIERY

Vele Colliery required regulatory approvals for further infrastructure development and in January 2018, the DWS issued an IWUL for the non-perennial stream diversion which will support the plant modifications.

Regulatory status

Authorisation	Issuing authority	Status
NOMR	DMR	Granted in March 2010
EA	DEA	EA – July 2011 EA amendment for the PMP – January 2015 EA stream diversion – January 2017
IWUL	DWS	IWUL – December 2015 IWUL spring rehabilitation – November 2016 IWUL stream diversion – January 2018

BIODIVERSITY OFFSET AGREEMENT

In October 2014, an historic BOA was signed between MCMining (then CoAL of Africa), the DEA and the SANParks. The Project Steercomm comprising representatives from each of the signatory organisations, meets quarterly to oversee and manage the implementation of the BOA.

Much progress has been made since the signature of the agreement. The road in the Mapungubwe National Park has been upgraded at a cost of just over R2 million, the restoration and rehabilitation of heritage resources is ongoing, and the Archaeological Laboratory and Artefact Storage Centre is scheduled for completion in CY2019.

The EMC, established as an oversight committee in terms of the EA and the IWUL to monitor compliance at the colliery, continues to meet quarterly. We participate in the EMC at an executive level, and the robust debate and interactive engagement in this forum continues to drive the highest level of compliance at the colliery.

Despite the care and maintenance status at the colliery, we continue to implement the Social and Labour Plan (SLP) to facilitate the development of communities within the Musina municipality.

GREATER SOUTPANSBERG PROJECTS

The GSP, situated to the north of the Soutpansberg Mountains, comprises three projects: Mopane, Generaal and Chapudi, and we await the records of a decision in respect of the Mining Right applications submitted to the DMR in 2013.

The model of co-existence between mining, agriculture and heritage developed at Vele Colliery will be implemented within the GSP.

There were no activities relating to this project during the period under review.

EMPLOYMENT

During the period under review, the Company integrated the Uitkomst Colliery and the Mooiplaats Colliery, previously on care and maintenance, was sold while Vele remained on care and maintenance.

MCMining is committed to the strategic business objectives that drive employment equity and measures have been set in place to achieve these goals, reaffirming our aim to serve the interests of all stakeholders. The Company strives to achieve the desired employment equity status in a responsible manner, with due regard to the broader realities of the business and economic environments.

The key principles for this process include:

- Promotion of equal opportunities for all races and genders and fair treatment in the workplace
- Elimination of discriminatory practices and implementation of practical procedures to address employment equity barriers
- Eradication of all forms of harassment in the workplace

LABOUR RELATIONS

Relationships with employees are governed by the legal requirements of common and labour law, mutual agreement, societal influence, ethical considerations, customs and traditions and most importantly integrity, trust, consistency and fairness.

The Company subscribes to an integrated industrial relations system in which all parties are empowered to freely communicate their views supported through a two-way communication structure.

REMUNERATION

MCMining's remuneration framework is based on the industry's agreed principles with the aim of attracting and retaining top talent to drive a high performance culture.

FIXED PAY

The Company's remuneration structure at corporate level is based on a total cost-to-company principle. MCMining has conducted benchmarking exercises at various intervals demonstrating that employee remuneration is within industry standards.

VARIABLE PAY: SHORT TERM DISCRETIONARY BONUS SCHEME

The discretionary bonus scheme rewards employees on the basis of both Company and individual performance providing employees with a predetermined bonus percentage based on the attainment of Nomination and Remuneration Committee-approved, Company and individual targets. The scheme is discretionary and is reviewed on an on-going basis, dependent on business requirements. The business scorecard is signed off by the Nomination and Remuneration Committee on an annual basis and this drives the individual performance management process. At lower level employment and subsidiary levels, use is made of a discretionary payment, equivalent to one month's salary, based on Company and individual performance.

VARIABLE PAY: LONG-TERM INCENTIVE PLAN

The Company has a shareholder approved long-term incentive plan based on industry standards. In terms of the incentive plan, the Nomination and Remuneration Committee approves the issuing of Performance Rights to qualifying employees on an annual basis.

HUMAN RIGHTS

No incidents of discrimination were reported during FY2018 and hence no corrective action was taken at the Company's operations. At our operations, we subscribe to the South African constitution which prohibits child labour as well as discrimination on any grounds and the Company promotes the preservation of human rights.

"MCMining's remuneration framework is based on the industry's agreed principles with the aim of attracting and retaining top talent to drive a high performance culture."

Historically Disadvantaged South Africans (HDSAs) statistics (%)*

	FY2018*	FY2017
Senior management	**53**	50
Management	**53**	70
Employees	**100**	90

* Includes white females

Employment by project	Employees			Contractors		
	FY2018	FY2017	FY2016	FY2018	FY2017	FY2016
Uitkomst*	**121**	–	–	**435**	–	–
Makhado/Bakstaan	**22**	19	19	**18**	18	15
Vele/Harrisia	**31**	35	35	**31**	31	34
Corporate office	**25**	27	30	**1**	–	2
Mooiplaats	**–**	8	7	**–**	32	29

* Uitkomst acquired effective 30 June 2017

ENVIRONMENTAL **MANAGEMENT**

Aware of the dire need to balance the socio-economic potential of mining development with the potential impact on natural and heritage resources, MCMining is committed to sustainable mining, employing a co-existent model focused on developing and operating responsibly within permitted ecological and socio-cultural heritage boundaries alongside agricultural and tourist interests.

Our commitment to our stakeholders remains one of co-operative and transparent engagement and includes our shareholders, permitting authorities, neighbouring and/or host communities, and interest groups.

Our environmental management strategy is in line with the Company's aim of earning and maintaining both our legal and social licences to operate. The risk-based approach to environmental management focuses on the key areas of water stewardship, responsible resource consumption, proactive forward-planning for sustainable mine closure, biodiversity and heritage management. An Environmental Management System (EMS) for Uitkomst Colliery was developed during the reporting period as the formal tool for environmental management and is scheduled for implementation during FY2019.

Vele Colliery continues to maintain its EMS, which is subject to quarterly independent audits, the reports of which are submitted to the permitting authority. The latest audit report concluded the following: "The auditor notes that the EMS has progressed significantly since its development and implementation during Q1 2014. Sound progress is noted in the continued improvement of the system, leading into a comprehensive environmental management tool that is being used to prevent impact to the environment, as well as ensure legal compliance and continued positive environmental performance."

WATER MANAGEMENT

MCMining's water management strategy, aligned with the co-existent model, continues to be governed by the following three principles:

- Responsibly sourcing water for our projects
- Mitigating negative impacts on existing industries
- Meeting our socio-economic commitment to aid in assurance of supply to host communities

Recent changes in climatic conditions have placed additional pressure on South Africa's status as a water-stressed country. The strain on available water supply and quality is a key environmental consideration for MCMining. In addition, the social challenges presented by the growing need for access to water in the areas in which we operate and, in which our projects are located, is a key driver in our planning and implementation processes.

WATER CONSUMPTION

Both Uitkomst and Vele Collieries operate a closed water system with zero discharge to the natural environment. MCMining's operations strive, through the implementation of continued improvement projects, to reduce water consumption by increasing the use of waste water in the processing of coal. MCMining employs the latest water management technology at its projects.

Water consumption at Uitkomst Colliery (000m³)

	FY2018	FY2017*
Water used for primary activities	40 310	
Potable water from external sources	122	
Non-potable water from external sources	0	
Surface water use	11 890	
Groundwater used	28 420	
Water recycled in process	859 552	

* Uitkomst Colliery was acquired by MCMining on 30 June 2017

Water consumption at Vele Colliery (000m³)*

	FY2018	FY2017	FY2016	FY2015
Water used for primary activities	–	15	708	27, 103
Potable water from external sources	–	–	–	–
Non-potable water from external sources	–	–	–	–
Surface water use	–	–	–	–
Groundwater used	–	1,770	708	32, 956
Water recycled in process	–	15	–	7,445

* Vele Colliery remained on care and maintenance and adjustments to the care and maintenance strategy resulted in no water being used during FY2018

ENERGY MANAGEMENT

Responsible utilisation of our available resources is a key focus area for MCMining. We remain committed to the application of best practice and technological developments to reduce consumption of energy resources where feasible.

During the reporting period, Uitkomst Colliery switched from a diesel generated and Eskom energy-mix, to a full Eskom electricity energy supply. Vele Colliery utilises a diesel generator to meet its energy requirements and Eskom will provide the full electricity requirements once the care and maintenance status is amended and production is resumed.

Monitoring our energy usage from the national grid and energy produced using diesel generators allows MCMining to identify any potential opportunity for energy-savings.

Energy consumption at Uitkomst Colliery

	FY2018	FY2017*
Energy from electricity purchased from Eskom (MWh)	**5 058 971**	
Diesel used (litres)	**1 383 366**	
Energy generated from diesel (GJ)	**52 996 751**	
Petrol used (kilolitres)	**–**	
Energy generated from petrol (GJ)	**–**	

* Uitkomst Colliery was acquired by MCMining on 30 June 2017

Energy consumption at Vele Colliery*

	FY2018	FY2017	FY2016	FY2015
Energy from electricity purchased from Eskom (MWh)	**–**	–	–	–
Diesel used (kilolitres)	**19**	26	47	63
Energy generated from diesel (GJ)	**715**	1, 005	1,837	2,423
Petrol used (kilolitres)	**3**	2	2	1
Energy generated from petrol (GJ)	**109**	81	79	10

* Vele Colliery remained on care and maintenance for the period

MONITORING AND COMPLIANCE

In line with MCMining's commitment to earning and maintaining our legal and social licences to operate, monitoring and auditing at both Uitkomst and Vele takes place, with Vele remaining on care and maintenance during the reporting period. All environmental audits have been conducted by independent consultants and include annual external IWUL audits, Environmental Management Plan (EMP) performance assessments and financial closure and liability assessments.

Monitoring includes ground and surface water quantity and quality assessments, bio-monitoring, ecotoxicology, plant moisture stress, alien invasive plant species and eradication status, habitat assessment, rehabilitation monitoring, biodiversity and avifaunal assessment, riverine forest monitoring, threatened and protected fauna and flora assessments as well as monitoring of identified heritage resources, as applicable to the operation.

Vele Colliery employs a full-time, independent Environmental Control Officer (ECO) to monitor compliance to the Colliery's Environmental Management Programme (EMPr), EA, IWUL and related specialist recommendations. The ECO conducts daily, weekly and monthly inspections against the various environmental licensing conditions. Further to this, quarterly audits are conducted, with the environmental performance reports of these audits submitted to the DEA as well as to Vele Colliery's EMC. This provides oversight over and above internal and external specialist monitoring and inspections. The last quarterly environmental performance report noted Vele Colliery's compliance as 99%, an improvement from the previous reporting period's 97.5%.

Vele's Water Monitoring Committee, EMC and Heritage and Biodiversity Sub-committee continue to meet on a quarterly basis and meetings are well represented by the permitting authorities, interested and affected parties, industry specialists and civil society.

The environmental monitoring and auditing management programme for Uitkomst Colliery is undertaken by an independent environmental consultancy aligned to the environmental licencing conditions of the Colliery's EMPr, IWUL and related specialist studies.

Regular dust, surface and ground water monitoring continues at the Makhado Project, despite no mining activity being undertaken. The results continue to indicate that the bulk sample pit has no impact on the air or water quality of the surrounding community.

INCIDENTS

There were no significant environmental incidents reported for the period under review.

COMPLAINTS

No formal complaints were lodged and/or received from local or affected communities regarding environmental matters at either Uitkomst or Vele.

CORPORATE **SOCIAL INVESTMENT**

Our approach to corporate social investment is also underpinned by the principles of shared value. It is also informed by our SLP to facilitate socio-economic transformation through meaningful job creation, building capacity within and amongst communities and the development of small and medium enterprises.

We recognise that partnerships with communities and regulatory authorities are fundamental to our goal to maximise the benefit of mining for our stakeholders.

Our focus areas of investment are:

- Education and skills development
- Enterprise and supplier development
- Infrastructural development

These core themes appear in all the various SLPs as they are aligned to the goals of the NDP raising economic growth, building skills and capacity and the achievement of a "decent standard of living for all South Africans".

RESPONSIVE

REFLECTIVE

RELEVANT

EDUCATION AND SKILLS DEVELOPMENT

The Makhado Centre of Learning – powering growth and education through change

The first intake of 76 students enrolled at the MCoL on 2 October 2017. Ten students from each of the beneficiary communities were selected, four from the broader Venda area, and two are current employees identified for training.

The vision of the MCoL is to be the Makhado Colliery's partner to develop skills, build capacity and foster social cohesion within and amongst our beneficiary communities.

Recognising the role of education in addressing inequality and poverty, the objectives of the MCoL are:

- Responsive to the educational and development needs of our beneficiary communities
- Provide relevant training programmes, reflective of the dynamic environment in which we operate

Upon completion of their WRP, the first group of students has progressed to the Digital Learning Programme, and a new intake of 70 learners enrolled in January 2018.

Four facilitators and an administrator were appointed at MCoL all of whom come from our communities, bringing to ten the number of employees at the centre.

As the Makhado Project progresses, we will begin to implement the long-term plan for MCoL to include the following programmes:

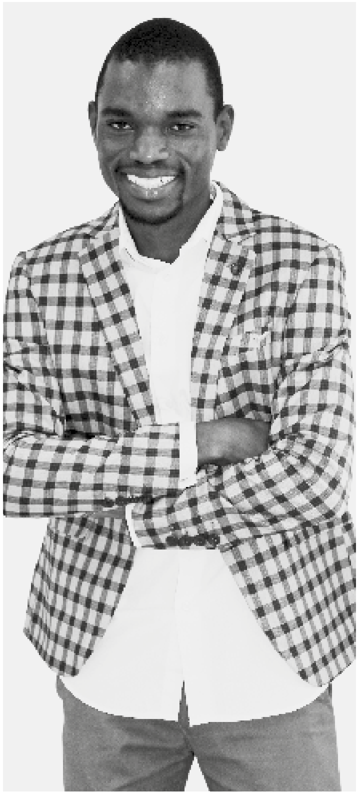
- Operator training
- Technical programme
- Artisan training programme
- Security training programme

Upon commencement of construction, labour will be sourced from candidates who have completed the MCoL's training programmes.

EDUCATION

The Makhado Centre of Learning – powering growth and education through change

"MCoL: The Makhado Project's partner to develop skills, build capacity and foster social cohesion within and amongst our beneficiary communities."



Justice Mariba, graduate of the MCMining Bursary Fund

Eulenda Mukwevho, graduate of the Makhado Bursary Fund

GROWING

MAKHADO CENTRE OF LEARNING

KHA RI GUDE "LET US LEARN"

MCMining Bursary Fund

The MCMining Bursary Fund was launched in 2009 to address the critical skills shortage in the Vhembe municipality. The intent was to develop a pipeline of technically skilled individuals who would then enter the mining and engineering sectors. There are currently five students on the bursary fund.

Justice Mariba, from Ha-Mudimeli, is one of our graduates, having completed his Post Graduate Diploma in Accounting at the University of Johannesburg. He joined Deloitte as a trainee account for his three-year training programme in January 2018, and recently passed his first qualifying examination. Once he has completed his articles, and successfully completed the second board exam, he will be the MCMining Bursary Fund's first chartered accountant.

Makhado Bursary Fund

In 2016, a Makhado Bursary was offered to 10 students from communities within the Makhado Project area. For many, this was an opportunity for them to "realise their dreams" by gaining an education which would ultimately enable them to take their rightful place in society.

An additional three students were offered bursaries during 2017, resulting in the Makhado Bursary Fund currently having 13 students. Eulenda Mukwevho is doing her final year BA Public Management and Governance. She has applied to do her honours degree and if her university application is successful, the Makhado Bursary Fund will provide her with a full bursary.

ENTERPRISE AND SUPPLIER DEVELOPMENT

The Makhado Project's Enterprise and Supplier Development Programme is a strategic mechanism to empower our beneficiary communities by creating and developing sustainable businesses through innovative and inclusive interventions.

This programme, offered in partnership with Raizcorp, registered its first entrepreneurs in November 2017. It seeks to develop an entrepreneurial culture in our project area, and unlock economic potential through enterprise development.

EMPOWERING
MAKHADO
ENTERPRISE DEVELOPMENT PROGRAMME
IDENTIFY • INVEST • INCUBATE • INTER-CONNECT

IDENTIFY
INVEST
INCUBATE
INTER-CONNECT

OBJECTIVES:

- To **identify** new and existing entrepreneurs
- To **invest** time and capital in the implementation of the programme
- To **incubate** entrepreneurs over a three year period
- To **inter-connect** entrepreneurs with procurement opportunities offered by the Makhado Colliery

Enterprise and supplier **development programme selection process**

Awareness	October 2016 – procurement programme launched
Identification	164 people/companies registered
Assessment	Raizcorp assessed and shortlisted 82 applicants
Workshopped	Two-day workshop held
Appointed	Shortlisted 25 candidates

INFRASTRUCTURAL DEVELOPMENT

Vele Colliery adopted the Kranenberg Primary School located on the Pontdrift Road. This school was listed as one of government's 'forgotten schools' in 2003. During a site visit to the school, conducted in 2016, we found that ablution facilities were not functional and learners were still relieving themselves in the bush, more than 13 years after the publication of the study.

A classroom block and an ablution facility have been constructed and were handed over to the school at the end of September 2018.

This project is in addition to the sidewalk paving project which was completed at the end of CY2016.

The Makhado Project's approved SLP identifies two additional infrastructural projects. These include the upgrade of the community water supply system and the upgrade of Makushu Road.

GOVERNANCE

CORPORATE GOVERNANCE **STATEMENT**

The Board of Directors of MCM is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at www.mcmining.co.za contains additional details of its corporate governance procedures and practices.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Principles) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance principles. Where the Company considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

ASX principles recommendation 1.1

A listed entity should disclose:

a) *the respective roles and responsibilities of its board and management; and*

b) *those matters expressly reserved to the board and those delegated to management.*

The Board has established a Board Charter which sets out functions reserved to the Board and those delegated to senior executives. This Charter is available on the Company's website.

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The key responsibilities of the MCMining Board include:

- Overseeing the Company, including its control and accountability systems
- Appointing the CEO, or equivalent, for a period and on terms as the Directors see fit and, where appropriate, removing the CEO, or equivalent
- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (CFO) and the Company Secretary
- Ensuring the Company's policy and procedures for selection and (re) appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter
- Approving the Company's policies on risk oversight and management, internal compliance and control, code of conduct, and legal compliance, which is available on the Company's website
- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy
- Ensuring appropriate resources are available to senior management
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Monitoring the financial performance of the Company
- Ensuring the integrity of the Company's financial and other reporting (with the assistance of the Audit and Risk Committee) through approval and monitoring
- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board is ratified by shareholders

Meeting attendance of members of the Board for FY2018

	Number of Board meetings attended while a member	Number of Board meetings held while a member
Bernard Pryor (Chairman)	4	4
David Brown	4	4
Brenda Berlin [1]	2	2
De Wet Schutte [2]	2	2
An Chee Sin [3]	1	1
Andrew Mifflin	4	4
Brian He Zhen [3]	1	1
Khomotso Mosehla	4	4
Peter Cordin	4	4
Rudolph Torlage [4]	3	3
Shangren Ding	4	4
Thabo Mosololi	4	2

[1] Joined the Company in March 2018 as CFO and appointed Executive Director in April 2018
[2] Resigned in November 2017
[3] Appointed in April 2018
[4] Resigned in April 2018

at the next Annual General Meeting (AGM) of the Company

- Engaging with the Company's external auditors and Audit and Risk Committee
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety
- Making regular assessments of whether each Non-executive Director is independent in accordance with the Company's policy on assessing the independence of Directors
- The Board has delegated responsibilities and authorities to management to enable them to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval

The Board has established three standing committees to assist it to meet its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee
- Safety, Health and Environment Committee

Each standing committee has a formal Charter approved by the Board setting out the matters relevant to composition, terms of reference, process and administration of that committee. These committees are described in further detail elsewhere in this Corporate governance statement.

The Board Charter requires the Board to convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Standing committee meetings are held as required, generally the day prior to the scheduled board meeting. The Chairman sets the agenda for each meeting in conjunction with the CEO and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its committees by invitation and are available for questioning by Directors.

ASX principles recommendation 1.2

A listed entity should:

a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*

b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company performs checks on all potential Directors which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other checks and also acknowledge that they will have sufficient time available to fulfil their responsibilities as a Director of the Company.

Newly appointed Directors must stand for reappointment at the next AGM of the Company. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or reelection including details regarding their length of tenure, relevant skills and experience.

ASX principles recommendation 1.3

A listed entity should:

a) *have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company has written agreements in place with each Director in the form of an appointment letter. The letter, among other matters, summarises the terms of appointment including remuneration, the requirements to comply with key corporate policies including the Code of Conduct and Share Trading Policy and indemnity and insurance arrangements.

All senior executives including the CEO and the CFO have their position descriptions, roles and responsibilities set out in writing in an employment contract.

ASX principles recommendation 1.4

The company secretary of a listed entity should:

a) *be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board; and*

b) *the company secretary has an important role in supporting the effectiveness of the board and its committees.*

The role of MCM's Company Secretary includes:

- Advising the Board and its committees on governance matters
- Monitoring that Board and committee policy and procedures are followed
- Ensuring that the business at Board and committee meetings is accurately reflected in the minutes

All Directors have direct access to the Company Secretary and vice versa. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

ASX principles recommendation 1.5

A listed entity should:

a) *have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*

b) *disclose the policy or a summary of it; and*

c) *disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*

   1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation; or*
   2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employment Equity Policy which details its commitment to being an equal opportunity employer and is in line with the South African Mining Charter and Employment Equity legislation in South Africa. A copy of MCMining's Diversity Policy is available on the Company's website.

The Mining Charter requires that a company establish measurable objectives for achieving gender diversity

and assess such objectives and progress towards achieving them. The targets set for MCM include 10% female representation in core mining positions. Employment equity targets such as these relate to designated groups (one of which is women) are included as part of the business key performance areas which are included in all management performance contracts.

Proportion of women employees in the organisation at end FY2018	%
Employees	36
Executive Directors	50
Board	10

The Company is not considered a relevant employer under the Australian Workplace Gender Equality Act as the number of employees in Australia is below the threshold.

ASX principles recommendation 1.6

A listed entity should:

a) *have and disclose a process for periodically evaluating the performance of its board, its committees and individual directors; and*

b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board reviews its performance and the performance of individual Directors annually. The most recent review, which was conducted during the year, involved the completion of a detailed questionnaire by each Director. The process was managed by the Company Secretary and the Chairman and the results of the review were discussed at a subsequent board meeting.

The Board considers its processes for reviewing the performance of the Board appropriate for the size and stage of development of the Company.

ASX principles recommendation 1.7

A listed entity should:

a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*

b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The CEO is responsible for assessing the performance of the key executives within the Company. This is performed at least annually through a formal process involving a formal meeting with each senior executive. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASX principles recommendation 2.1

The board of a listed entity should:

a) *have a nomination committee that:*
   1. *has at least three members, a majority of whom are independent directors; and*
   2. *is chaired by an independent director; and*
   3. *disclose the charter of the committee and the members of the committee; and*
   4. *as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter has been published on the Company's website.

The Committee's nomination responsibilities include ensuring that the Board has the appropriate blend of Directors with the necessary expertise and relevant industry experience. As such, the Charter requires the Committee to:

- Regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate change
- Identify and assess necessary and desirable Director competences and provide advice on the competency levels of Directors with a view to enhancing the Board
- Make recommendations on the appointment and removal of Directors
- Make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election
- Regularly review the time required from Non-executive Directors and whether Non-executive Directors are meeting that requirement

Meeting attendance of members of the Nomination and Remuneration Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Bernard Pryor (Chairman)	4	4
David Brown	4	4
Thabo Mosololi	4	4

CORPORATE GOVERNANCE **STATEMENT** CONTINUED

ASX principles recommendation 2.2

A listed entity should:

a) have and disclose a board skills matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.

The Company's website contains details on the procedures for the selection and appointment of new Directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- The evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness
- The development of a competencies review process for identifying and assessing Director competencies
- The conduct of a competencies review of the Board before a candidate is recommended for appointment
- The periodic review of the Board's succession plan

The responsibilities of this Committee with respect to remuneration matters are set out elsewhere in this statement.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

The following Board skills matrix sets out the mix of skills, experience and expertise the Board currently has across its membership:

Competencies	Rating
South African politics	✔
Strategic thinking	✔
Gender	✔
Technical	✔
Financial	✔
Commercial	✔
Mergers and acquisitions	✔
Coal markets	✔
International affairs	✔
Shareholder relations	✔
Project development	✔
Equity markets	✔
Debt markets/banking experience	✔
Executive leadership	✔
Listed board experience	✔
Safety, health, environment (SHE) and sustainability	✔

ASX principles recommendation 2.3

A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type that might cause doubts about the independence of that director but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

ASX principles recommendation 2.4

A majority of the board of a listed entity should:

a) be independent directors.

ASX principles recommendation 2.5

The chair of the board of a listed entity should:

a) be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Board currently comprises two Executive Directors and eight Non-executive Directors. Five of the Non-executive Directors are considered to be independent. The Chairman, Bernard Pryor, is one of the independent Directors.

The Board agrees that all Directors should bring an independent judgement to bear in decision making.

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

A Director's obligations to avoid a conflict of interest are set out in the Code of Conduct, available on the Company's website. Directors must also comply strictly with Corporations Act requirements for the avoidance of conflicts.

The Board considers an independent Director to be a Non-executive Director who meets the criteria for independence set out the ASX Principles. In determining a Director's independence, the Board considers the relationships that may affect independence.

Criteria that the Board takes into account when determining Director independence include:

- Substantial shareholdings in the Company
- Past or current employment in an executive capacity
- Whether or not the Director has been a principal of a material professional adviser or a material consultant to the Company in the past three years
- Material supplier or customer relationships with the Company
- Material contractual relationships or payments for services other than as a Director
- Family ties and cross-directorships

Materiality for these purposes is based on quantitative and qualitative thresholds, set out in the Board Charter available on the Company's website.

The Board has reviewed and considered the positions and associations of each of the Directors in office and consider five of the Directors are independent. Bernard Pryor, Peter Cordin, Khomotso Mosehla, Andrew Mifflin and Thabo Mosololi are considered independent. Executive Directors David Brown and Brenda Berlin and Non-executive Directors Shangren Ding, An Chee Sin and Brian He Zhen are not considered independent. The three Non-executive Directors are not considered independent because they are shareholder nominee Directors for substantial shareholders in the Company (Haohua Energy International (Hong Kong) Resource Co Ltd, Summer Trees Pte LTD and Yishun Brightrise Investment Pte LTD respectively).

The resignation of an independent director and appointment of two non-independent directors (by virtue of them being shareholder nominees) during April 2018 resulted in the same number of independent and non-independent directors. It is worthwhile noting that under the Company's constitution, the Chair, who is independent, ordinarily has a casting vote. If the Chairman does not have second or casting vote, the matter is decided in the negative. The Board does not expect this departure from the ASX Principles to be permanent.

Period of office held by each Director in office

	Date appointed	Period in office (years)	Due for re-election or retirement
Bernard Pryor	6 August 2012	6	2019 AGM
David Brown	6 August 2012	6	2018 AGM
Brenda Berlin	24 April 2018	1	2018 AGM
An Chee Sin	24 April 2018	1	2018 AGM
Andrew Mifflin	12 December 2014	3	2020 AGM
Brian He Zhen	24 April 2018	1	2018 AGM
Khomotso Mosehla	18 November 2010	7	2019 AGM
Peter Cordin	8 December 1997	20	2019 AGM
Shangren Ding	11 October 2016	2	2019 AGM
Thabo Mosololi	12 December 2014	3	2018 AGM

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic.

ASX principles recommendation 2.6

A listed entity should:

a) have a programme for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

As part of the induction process, meetings are arranged with other Board members and key executives prior to a Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this integrated report is set out in the Directors' report and on the Company's website.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

ASX principles recommendation 3.1

A listed entity should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.

Code of conduct

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company. The Board has adopted a Code of Conduct in relation to Directors and employees, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

Securities trading policy

The Board has adopted a Securities Trading Policy (the MCMining Dealing Policy) which regulates dealings by Directors, officers and employees in securities issued by the Company. The policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

Under the policy, which is available on the Company's website, Directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (i.e. shares or options) in the Company, or procure another person to do so:

a) If that Director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the securities if the information was generally available

b) If the Director, officer or employee knows or ought reasonably to know, that the information:
   - relates to the Company or any Company securities
   - is specific enough to enable a conclusion to be drawn as to the possible effect on the price of Company securities
   - is likely to have a non-trivial effect on the price or value of Company securities (meaning that a reasonable investor would be likely to use it as part of the basis of their investment decision)
   - the information is not publicly available

c) Without the written acknowledgement of the Chair

Further, Directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

The policy regulates trading by key management personnel (being a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company) within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Directors, officers and employees are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Privacy

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of MCMining.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

ASX principles recommendation 4.1

The board of a listed entity should:

a) have an audit committee that:

   1. has at least three members, all of whom are Non-executive directors and a majority of whom are independent directors; and

   2. is chaired by an independent director, who is not the chair of the board, and disclose

   3. the charter of the committee;

   4. the relevant qualifications and experience of the members of the committee; and

   5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Audit and risk Committee

The Company has established an Audit and Risk Committee which is comprised of a majority of independent non-executive Directors.

The role of the Audit and Risk Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services
- Monitor and review compliance with the Company's Code of Conduct
- Perform such other functions as assigned by law, the Company's Constitution, or the Board

The Board has determined that the Audit and Risk Committee should comprise:

- At least three members
- A majority of independent Non-executive Directors
- An independent chair who is not the Chair of the Board

In addition, the Audit and Risk Committee should include:

- Members who are financially literate i.e. able to read and understand financial statements
- At least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters
- At least one member with an understanding of the industry in which the entity operates
- Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles. Thabo Mosololi is the independent Chair of the Committee.

The Charter is published on the Company's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

Details of meeting attendance of members of the Audit and Risk Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Thabo Mosololi (Chairman)	6	6
Bernard Pryor	6	6
Khomotso Mosehla	6	6

ASX principles recommendation 4.2

The board of a listed entity should:

a) *before it approves the entity's financial statements for a financial period, receive from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The CEO and CFO confirm in writing to the Board that:

- The Company's annual financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards
- The above confirmation is founded on a sound system of risk management and internal compliance and control which implements the policies of the Board
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

This declaration was obtained for the relevant reporting period.

ASX principles recommendation 4.3

A listed entity that has an AGM should:

a) *ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The auditor attends the AGM usually by telephone as the meeting is held in the United Kingdom.

Shareholders are able to ask questions on the conduct of the audit and the preparation and content of the audit report, in accordance with the requirements of the Corporations Act 2001.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company is committed to ensuring that:

- *All investors have equal and timely access to material information concerning the Company – including its financial situation, performance, ownership and governance; and*
- *Company announcements are factual and presented in a clear and balanced way.*

ASX principles recommendation 5.1

A listed entity should:

a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*

b) *disclose that policy or a summary of it.*

The Board has an established Shareholder Communication Policy which is available from the Company's website. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASX principles recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

ASX principles recommendation 6.2

A listed entity should:

a) *design and implement an investor relations programme to facilitate effective two-way communication with investors.*

ASX principles recommendation 6.3

A listed entity should:

a) *disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

ASX principles recommendation 6.4

A listed entity should:

a) *give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.*

The Board has established a communications strategy which is available on the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports.

The Company maintains a website at www.mcmining.co.za and makes comprehensive information available on a regular and up-to date basis. The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who attend the Company's AGMs.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASX principles recommendation 7.1

The board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:

1. has at least three members, a majority of whom are independent directors;

2. is chaired by an independent director;

3. discloses the charter of the committee;

4. discloses the members of the committee; and

5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) it does not have a risk committee or committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website. The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO has responsibility for identifying, assessing, monitoring and managing risks. The CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The CEO is required to report on the progress of, and on all matters associated with, risk management on a regular basis, and at least annually. During the reporting period, the CEO regularly reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee also has responsibility for reviewing the Company's internal financial control system and risk management systems and reporting to the Board. Details of the composition and Charter of the Audit and Risk Committee have been disclosed earlier in this document (refer Principle 4).

In addition, the Board has also established a Safety, Health and Environment Committee to assist the Board in the effective discharge of its responsibilities in relation to SHE issues for MCM, and the oversight of risks relating to these issues. The Committee's responsibilities include to:

- Understand the risks of SHE issues involving MCM's activities
- Ensure that the systems and processes for identifying, assessing and managing SHE risks of MCM are adequately monitored
- Regularly review and ensure compliance with the SHE strategies and policies of MCM and the supporting management systems and processes
- Monitor developments in relevant SHE-related legislation and regulations and monitor MCM's compliance with relevant legislation, including through audits.

Details of meeting attendance of members of the Audit and Risk Committee for FY2018 are contained in a table earlier in this document (refer Principle 4).

ASX principles recommendation 7.2

The board or committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

The risk management framework was reviewed by the Committee during the reporting period.

ASX principles recommendation 7.3

A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function.

Details of meeting attendance of members of the Safety Health and Environment Committee for FY2018

	Number of Committee meetings attended while a member	Number of Committee meetings held while a member
Peter Cordin (Chairman)	4	4
David Brown	4	4
Andrew Mifflin	4	4

The Board believes that the Company's risk management and internal control systems establish a sufficient control environment to manage business risks for MCMining given its size and nature of operations. These risks are regularly reviewed by the Audit and Risk Committee.

ASX principles recommendation 7.4

A listed entity should disclose:

a) *whether it has any material exposure to economic, environmental and socially sustainable risks and, if it does, how it manages or intends to manage those risks.*

The Company is very aware of its impact on the economy, the environment and the community in which it operates, and the risks associated with not dealing with aspects appropriately.

The Company annually reports on these aspects through its Sustainable Development Review in the Integrated (Annual) Report. This report is available on the Company website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASX principles: recommendation 8.1

The board of a listed entity should:

a) *have a remuneration committee that:*
   1. *has at least three members, a majority of whom are independent directors; and*
   2. *is chaired by an independent director; and disclose*
   3. *the charter of the committee;*
   4. *the members of the committee; and*
   5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter is available on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

Details of meeting attendance of members of the Nomination and Remuneration Committee for FY2018 are contained in a table earlier in this document (refer Principle 2).

ASX principles: recommendation 8.2

A listed entity should:

a) *separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Charter of the Nomination and Remuneration Committee details the Company's approach to the structure of Executive and Non-executive remuneration.

Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total aggregated Non-executive Directors' fees are currently capped at A$1,000,000 per annum.

The Company does not have any scheme relating to retirement benefits for Non-executive Directors.

The Remuneration report contained in the Directors' report contains details of remuneration paid to Directors and key executives during the year.

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits. The Company intends to meet its transparency obligations in the following manner:

- Publishing a detailed remuneration report in the annual report each year
- Continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1
- Presentation of the remuneration report to shareholders for their consideration and nonbinding vote at the Company's AGM
- Taking into account the outcome of the nonbinding shareholder vote when determining future remuneration policy
- Responding to shareholder questions on policy and practice in a frank and open manner

ASX principles: recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*

b) *disclose that policy or a summary of it. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The Company has a Performance Rights Plan which was approved by Shareholders at the 2015 AGM. A summary of the plan was included in the Company's 2015 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Dealing Policy prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written clearance from the Chairman.

A copy of the Dealing Policy can be found on the Company's website.

The Directors declare that:

- In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- In the Directors' opinion, the attached consolidated financial statements are in compliance with IFRS, as stated in note 1.1 to the consolidated financial statements
- In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity
- The Directors have been given the declarations required by s.295A of the Corporations Act 2001

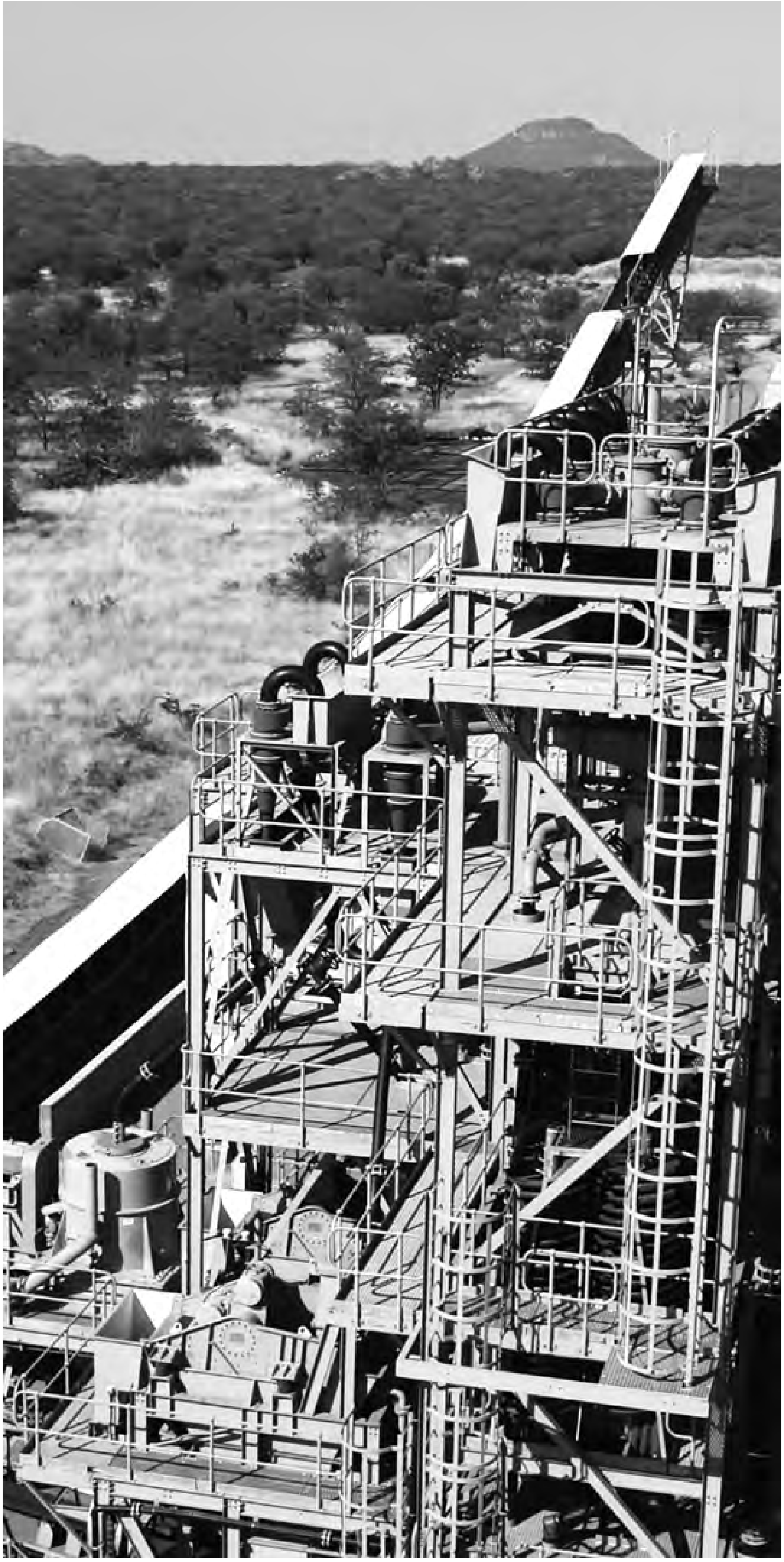
Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Bernard Pryor
Chairman

David Brown
Chief Executive Officer

27 September 2018



DIRECTORS' **REPORT**

The Directors of MCMining submit herewith the Annual Report of the Company and the entities controlled by the Company (its subsidiaries), collectively referred to as the "Group", for the financial year ended 30 June 2018. All balances are denominated in United States dollars unless otherwise stated.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and particulars of the Directors of the Company during or since the end of the financial year are set out below. Unless otherwise stated, the Directors held office during the whole of the financial year.

Bernard Robert Pryor	Independent Non-executive Chairman	Mr Pryor is currently the CEO of Alufer Mining Limited and was previously the CEO of African Minerals Limited and prior to that the chief executive of Q Resources Plc. Between 2006 and 2010 he held senior executive positions within Anglo American Plc as Head of Business Development, and CEO of Anglo Ferrous Brazil Inc.
David Hugh Brown	Executive Director and CEO	Mr Brown is a Chartered Accountant (CA (SA)) and completed his articles with Ernst & Young, graduating from the University of Cape Town. Mr Brown joined MCMining following a tenure of almost 14 years at Impala Platinum Holdings Limited (Implats). He joined the Impala Group in 1999 and served as CFO of Implats before being appointed CEO in 2006. He is currently an independent Non-executive Director of Vodacom Group Limited, Northam Platinum Limited and Resilient REIT Limited. In the past he has served as a non-executive director of Simmer & Jack Limited, as well as Edcon Holdings Limited and chairman of ASX listed Zimplats Holdings Limited.
Brenda Berlin	Executive Director and CFO	Ms Berlin was appointed as CFO and Executive Director of MCMining on 24 April 2018 from Implats where she held the position of Group CFO. Brenda joined Implats in 2004 and held a number of senior appointments including head of group corporate finance activities until her appointment as CFO in 2011. She is a CA (SA) and obtained degrees from the University of the Witwatersrand and completed her articles at PwC South Africa. Prior to working at Implats, Brenda worked for Johnnic Holdings Limited in the corporate finance department and following its unbundling, remained with JCI Limited (JCI) assuming responsibility for business development. After leaving JCI Brenda commenced working for Southern Mining Corporation Limited.
De Wet Olivier Schutte	Executive Director and CFO	Mr Schutte resigned as CFO and Executive Director on 30 November 2017. De Wet is a CA (SA) and completed an MBA at the University of Virginia in 2002. He has been involved at a senior level in the mining and natural resources industry for the past 16 years, most notably as Managing Director, Natural Resources at Macquarie Bank and CFO at the listed platinum producer, Atlatsa Resources Corporation Limited. Prior to these positions he worked for Harmony Gold Mining (Pty) Ltd as its New Business and Exploration Executive for a period of three years.
An Chee Sin	Non-executive Director	Mr Chee Sin is an Accredited Tax Practitioner with the Singapore Institute of Accredited Tax Professionals and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants. He has more than 17 years of extensive experience in international and local corporate taxation and co-founded Pinnacle Tax Services Pte Ltd (Pinnacle Tax) in 2004. Prior to joining Pinnacle Tax, he held the position of Director of Corporate Tax with KPMG and has coordinated various advisory projects, including cross-border fund structures, corporate restructurings, treasury and mergers and acquisitions.
Andrew David Mifflin	Independent Non-executive Director	Mr Mifflin obtained his BSc. (Hons) Mining Engineering from Staffordshire University and has a Master's Degree in Business Administration. Andrew has over 30 years' experience specifically in the coal mining arena. His experience spans across various organisations such as British Coal Corporation, Xstrata and more recently GVK Resources. He has gained in depth knowledge in coal operations, both thermal and hard coking coal as well as in project development.

Brian He Zhen	Non-executive Director	Mr Zhen holds a bachelor's degree in business administration from Sichuan University and is currently Marketing and Public Relations Executive for Pan African Mining Pvt. Ltd. Between 2012 and 2015, Brian worked as Managing Director of Real Gain Investment Pvt. Ltd and was responsible for infrastructure and construction market development, as well as overseas market investments. He has previously served as Construction Manager for CRI – Eagle Investments (Pty) Ltd and Eagle Canyon Investments (Pty) Ltd.
Khomotso Brian Mosehla	Independent Non-executive Director	Mr Mosehla is a CA (SA) and completed his articles with KPMG. Khomotso worked at African Merchant Bank Limited for five years where he gained a broad range of experience, including management buy-out, leveraged buy-out and capital restructuring/raising transactions. In 2003, he established Mvelaphanda Corporate Finance for the development of Mvelaphanda's mining and non-mining interests. Mr Mosehla served as a director on the boards of several companies, including Mvelaphanda Resources Limited, and he is currently the CEO of Mosomo Investment Holdings Proprietary Limited. Mr Mosehla is currently a Non-executive Director of Northam Platinum Limited as well as Zambezi Platinum Limited.
Peter George Cordin	Independent Non-executive Director	Mr Cordin has a Bachelor of Engineering from the University of Western Australia and is experienced in the evaluation, development and operation of resource projects within Australia and overseas. He is a Non-executive Director of Vital Metals Limited and Aurora Minerals Limited.
Rudolph Henry Torlage	Independent Non-executive Director	Mr Torlage resigned as a Director of the Company on 26 April 2018. He is a CA (SA) and has over twenty years' experience with ArcelorMittal South Africa Limited (AMSA). He is currently General Manager, Strategy and Special Projects and a Board member of various unlisted AMSA Group companies. He was previously the Executive Director Finance at AMSA.
Shangren Ding	Non-executive Director	Mr Ding is an experienced professional engineer and has worked for a number of mining and energy companies as well as acting as a consultant to government geological bureaus. Shangren has over 30 years' experience predominantly in the coal mining sector and has gained extensive operational coal mining knowledge through chief operating roles at a number of mines in the Heilongjiang province in the People's Republic of China. Since 2014, Mr Ding has worked in a number of senior roles for Beijing Haohua Energy Resource Co., Ltd.
Thabo Felix Mosololi	Independent Non-executive Director	Mr Mosololi is a CA (SA) and brings considerable expertise as a director of various companies as well as from his time as Finance Director and Operations Director with Tsogo Sun. Thabo has 20 years of experience within the South African corporate environment. Mr Mosololi is currently a director of Pan African Resources PLC.

De Wet Schutte resigned on 30 November 2017 and Rudolph Torlage resigned on 26 April 2018 while Brenda Berlin, An Chee Sin and Brian He Zhen were appointed to the Board of Directors on 24 April 2018. All other Directors held office during and since the end of the previous financial year.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the Directors in the three years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Bernard Pryor	None	
David Brown	Vodacom Group Limited	2012 – present
	Northam Platinum Limited	2017 – present
Brenda Berlin	Impala Platinum Holdings Limited	2011 – 2017
	Zimplats Holdings Limited	2011 – 2017
An Chee Sin	None	
Andrew Mifflin	None	
Brian He Zhen	None	
Khomotso Mosehla	Northam Platinum Limited	2015 – present
	Zambezi Platinum Limited	2015 – present
Peter Cordin	Vital Metals Limited	2009 – present
	Aurora Minerals Limited	2014 – present
Rudolph Torlage	None	
Shangren Ding	None	
Thabo Mosololi	Evraz Highveld Steel & Vanadium Limited	2013 – 2015
	Pan African Resources PLC	2014 – present

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares or options in shares or debentures of the Company as at the date of this report. All shareholdings, options and performance rights reflect the 20:1 share consolidation completed in December 2017.

Director	Ordinary shares	Performance Rights	Unlisted options
B Pryor [1]	7,500	–	50,000
D Brown [2]	41,250	1,674,061	-
B Berlin	–	–	–
A Chee Sin	–	–	–
A Mifflin [3]	–	–	50,000
H Zhen	–	–	–
K Mosehla [4]	–	–	50,000
P Cordin [5]	68,553	–	50,000
S Ding	–	–	–
T Mosololi [6]	500	–	50,000
	117,803	**1,674,061**	**250,000**

[1] Mr Pryor was issued with the following share options:

- 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[2] Mr Brown was issued with the following Performance Rights:

- 485,702 unlisted conditional Performance Rights were granted on 30 November 2015. 562,747 Performance Rights were granted on 30 November 2016. 625,612 Performance Rights were granted on 24 November 2017. The Performance Rights were granted for no consideration. No exercise price is payable upon exercise of the Performance Rights

[3] Mr Mifflin was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[4] Mr Mosehla was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[5] 47,915 shares are held by the Cordin Pty Ltd (The Cordin Family Trust) and 20,638 shares held by Cordin Pty Ltd (The Cordin Superannuation Fund). Mr Cordin is a beneficiary of both the trust and superannuation fund. Mr Cordin was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

[6] Mr Mosololi was issued 50,000 share options with an exercise price of GBP1.10, and expiring three years from date of issue, issued on 27 November 2015

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors is set out in the remuneration report of this directors' report, on page 55. Shareholder nominee non-executive directors are not remunerated. During the reporting period, no senior management satisfied the criteria of 'key management personnel'.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year, share options and performance rights were granted to Directors and key management personnel of the Company and of its controlled entities as part of their remuneration. Details of options and performance rights granted to Directors and senior management are set out on page 56.

COMPANY SECRETARY

Mr Tony Bevan, a qualified Chartered Accountant with over 25 years' experience, is the Company Secretary and works with Endeavour Corporate Pty Ltd, the company engaged to provide contract secretarial, accounting and administration services to MCMining.

PRINCIPAL ACTIVITIES

The Company is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM and the JSE in South Africa. The principal activities of the Company and its subsidiaries are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- The Uitkomst Colliery, an operating metallurgical coal mine with a circa 16 year LoM
- Makhado hard coking and thermal coal project
- The Vele Colliery, a semi-soft coking and thermal coal mine, which remains on care and maintenance
- Three exploration and development stage coking and thermal coal projects, namely Chapudi, Generaal and Mopane in the Soutpansberg Coalfield

During the year, the Mooiplaats Colliery, which was on care and maintenance, was sold during November 2017.

REVIEW OF OPERATIONS - OPERATIONAL SALIENT FEATURES

- No fatalities (FY2017: none) and one LTI, our first incident in four years (FY2017: none)
- The Uitkomst Colliery produced 607,960 tonnes (t) of raw coal comprising 505,130t of ROM coal and 102,830t bought-in during the period
- The Colliery sold 475,089t of coal - 329,060t from ROM coal, 53,699t from blending slurry and 92,330t from purchased coal - generating sales revenue of $32.7 million
- Metallurgical and thermal coal markets were favourable during the twelve months with coking coal prices increasing due to weather-associated disruptions in Australia but softened towards the end of FY2018 while thermal coal prices improved due to steady demand
- The Company completed a revised developed plan for the fully permitted Makhado Project reducing capital requirements and the construction period, leading to earlier than planned production, an extended LoM and amended sales and marketing plans
- The Vele Colliery remained on care and maintenance and was granted an amendment to its IWUL during the reporting period. The amendment is required for the diversion of a perennial stream for the plant modification process. The Company continues to assess the status of the operation within the Group.

CORPORATE SALIENT FEATURES

- Increase of the Uitkomst BEE interest to 30% ensuring the Colliery complies with the draft Mining Charter III ownership requirements
- Successful action resulting in the High Court of South Africa discharging an interim interdict, originally granted in December 2014, against the Makhado Project Environmental Authorisation
- Commencement of Makhado Project hard coking and export thermal coal off-take discussions with various parties resulting in negotiations being at an advanced stage at the end of the period. Discussions with potential funders for Makhado have started and various funding structures are being assessed
- The Company continued the search for a second cash generator and assessed several potential targets during the period but these did not meet MCMining's investment criteria
- The Company changed its name from Coal of Africa Limited to MCMining during the period to reflect its potential growth, particularly of its hard coking (metallurgical) coal prospects
- Completion of a 20:1 share consolidation in December 2017

SUBSEQUENT EVENTS

Khethekile Mining (Pty) Ltd

The Group purchased the business operations of Khethekile Mining (Pty) Ltd (Khethekile), the independent mining contractor at the Uitkomst Colliery. The transaction resulted in Uitkomst acquiring all of Khethekile's mining equipment (including conveyor systems and coal mining and transportation equipment) and taking transfer, in accordance with section 197 of the Labour Relations Act of South Africa, of some 340 Khethekile employees. The acquisition of Khethekile's mining assets cost $4.9 million (R65 million) and all regulatory approvals and conditions precedent were satisfied and the transaction closed on 1 August 2018.

Mooiplaats Colliery S102

The S102 application to, amongst other things, incorporate certain prospecting rights into Mooiplaats Colliery's Mining Right was approved by the DMR in August 2018. The timing of the ten quarterly payments to settle the remaining balance of R112.9 million of the purchase price was dependent on the S102 approval. The first quarterly payment of R11.3 million was received in August 2018.

Makhado Project Regulatory Progress

In September 2018, the DMR approved the Environmental Authorisation for the Makhado project.

There have been no other events between 30 June 2018 and the date of this report which necessitate adjustment to the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity and the consolidated statements of cash flows at that date.

FINANCIAL REVIEW

- Operating cash flows of $6.4 million generated by the Uitkomst Colliery
- Payment of a $2.3 million dividend by Uitkomst with MCMining receiving $2.0 million as a portion of the BEE partners' dividends were utilised to reduce their vendor-financed investment loans
- The sale of Mooiplaats on 2 November 2017 for $12.9 million (R179.9 million). An initial payment of $4.8 million (R67 million) was received on the transaction closing date of which $1.1 million (R15.0 million) was paid to the Black Economic Partner, Ferret Mining and Environmental Services Proprietary Limited, in full and final settlement of their equity. The balance of the purchase price, being $8.1 million (R112.9 million) will be settled in 10 quarterly instalments from August 2018
- Cash of $1.5 million released from the restructuring of rehabilitation-linked guarantees and investments due to excess collateral in these instruments arising from an improved credit rating for the Group
- $1.5 million (R20 million) available under the RMB general banking facility secured during FY2018
- $9.1 million of the $18.2 million (R240 million) three year IDC loan was available at year-end
- The sale of Mooiplaats yielded cost savings of $1.4 million during the year
- The R/$ exchange rate continues to be volatile and gains/losses from these elements are unpredictable
- Contributing to the loss were non-cash charges of $92.5 million (FY2017: $9.3 million) which includes the following:
  - impairment of the investment in Vele of $87.5 million (FY2017: $nil)
  - depreciation and amortisation of $1.5 million (FY2017: $0.4 million)
  - share based payment expense of $1.3 million (FY2017: $0.3 million)
  - unrealised foreign exchange loss of $2.2 million (FY2017: gain $2 million)
- Total unrestricted cash balances at year-end of $10.9 million (FY2017: $9.6 million)

FUTURE DEVELOPMENTS

MCMining aims to become the premier hard coking coal producer in South Africa and will continue to build on the progress made during FY2018. The post balance sheet acquisition of underground contract mining operations at Uitkomst facilitates further operational efficiencies. The Company will also continue its search for a second cash generator enabling it to move to self-sufficiency.

Uitkomst acquired the independent mining contractor, Khethekile, business operations at the Colliery subsequent to year-end. The underground mining operations were previously undertaken by Khethekile and in terms of the transaction, Uitkomst acquired all of Khethekile's mining equipment and took transfer of approximately 340 employees working at the Colliery and at Khethekile's Newcastle offices. The integration of Khethekile's operations together with mining optimisation programmes at the Colliery are expected to result in production at the Colliery improving on FY2018 results.

The Mining Right for MCMining's 69% (post BEE transaction) owned Makhado Project was granted in May 2015 and also has a LoM IWUL. The project has 344.8 million mineable tonnes of coal *in situ* and the Company completed a Competent Persons Report during the reporting period, revising the project's development plan to reduce execution risk, capital expenditure and shorten the mine's construction period. This revised plan has been designed to ensure scalability, dependant on market conditions and Makhado will generate 4.0Mt per annum of ROM coal yielding hard coking coal and export quality thermal coal.

The revised project delivers similar returns to the original Makhado Project with significantly reduced execution risk as a result of the construction period reducing from 26 to 12 months, resulting in an estimated payback period of 42 months.

This positions Makhado to take advantage of higher global coal prices due to the limited number of new collieries being built and the Company awaits access to two farms comprising the project area prior to development proceeding. These properties are subject to the finalisation of the legislated land claims process and the Company has also commenced the process to obtain access in terms of mining legislation. The drive to secure access to the Makhado Project is running in parallel with the funding and marketing processes and the Company is hopeful that the construction of this project will commence during the calendar year.

The exploration and development of MCMining's Soutpansberg coalfield prospects is the catalyst for the long-term growth of the Company. The DMR is processing the Company's Mining Right applications for the Mopane, Generaal, Chapudi and Telema & Gray Projects and these licences will hopefully be granted during FY2019.

The Vele Colliery is expected to remain on care and maintenance while its status in the Group is being assessed.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation and there has consequently been no breach. The Group is subject to numerous environmental regulations in South Africa, including:

- The environmental provisions in the MPRDA (No 28 of 2002)
- National Environmental Management Act (No. 107 of 1998)
- National Water Act (No. 45 of 1965)
- Environment Conservation Act (No. 73 of 1989)
- National Environmental Management Air Quality Act (No. 39 of 2004)

The Board believes that there are adequate systems in place for the management of its environmental impacts but from time to time, statutory non-compliances may occur. The Board takes these seriously and continues to monitor compliance.

DIVIDENDS

No dividend has been paid or proposed for the financial year ended 30 June 2018 (FY2017: nil).

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS OR PERFORMANCE RIGHTS

All share, options and Performance Rights disclosed in this report reflect changes resulting from the 20:1 share consolidation completed in December 2017.

Details of unissued shares under option as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price	Expiry date
Investec options	1,000,000	Ordinary	R26.40	21 October 2018
ESOP Unlisted Options	250,000	Ordinary	GBP1.10	27 November 2018
Total Unlisted Options	**1,250,000**			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

Details of unissued Performance Rights granted as at the date of this report are:

	Number of shares under Performance Rights	Class of shares	Exercise price	Expiry date
Performance Rights	1,027,209	Ordinary	Nil	1 December 2018
Performance Rights	1,082,875	Ordinary	Nil	29 November 2019
Performance Rights	1,722,383	Ordinary	Nil	23 November 2020
Total Performance Rights	**3,832,467**			

No shares or interests were issued during or since the end of the financial year as a result of exercise of options.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate, against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member). During the financial year, a total of four scheduled Board meetings were held as well as four Nomination and Remuneration Committee and Safety and Health Committee meetings, while six Audit and Risk Committee meetings were held.

	Board meetings		Audit and Risk Committee meetings		Nomination and Remuneration Committee meetings		Safety, Health and Environment Committee meetings	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B Pryor	4	4	6	6	4	4	–	–
D Brown	4	4	–	–	4	4	4	4
B Berlin[1]	2	2	–	–	–	–	–	–
D Schutte[2]	2	2	–	–	–	–	–	–
A Chee Sin[3]	1	1	–	–	–	–	–	–
A Mifflin	4	4	–	–	–	–	4	4
H Zhen[3]	1	1	–	–	–	–	–	–
K Mosehla	4	4	6	6	–	–	–	–
P Cordin	4	4	–	–	–	–	4	4
R Torlage[4]	3	3	–	–	–	–	–	–
S Ding	4	4	–	–	–	–	–	–
T Mosololi	4	2	6	6	4	4	–	–

1. Joined the Company in March 2018 and appointed as CFO and Executive Director in April 2018
2. Resigned in November 2017 3. Appointed in April 2018 4. Resigned in April 2018

PROCEEDINGS ON BEHALF OF THE COMPANY

No persons applied for leave to bring or intervene in proceedings on behalf of the Company during or since the end of the financial year.

NON-AUDIT SERVICES

Non-audit services were provided during the current financial year for services rendered relating to additional review procedures. Details of amounts paid or payable to the auditor for services provided during the year by the auditor are outlined in note 10 to the consolidated financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 59 of these consolidated financial statements.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors report, sets out information about the remuneration of MCMining Limited's Directors and its senior management for the financial year ended 30 June 2018. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of Directors and senior management
- Key terms of employment contracts

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company. The policy adopted by the Board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives. Executive Directors are remunerated by way of a salary commensurate with their required level of service.

Total remuneration for all Non-executive Directors, excluding share-based payments, as approved by shareholders at the November 2010 General Meeting, is not to exceed A$1,000,000 per annum ($740,700).

The Board has nominated a Nomination and Remuneration Committee which was made up as follows: Mr Pryor (Chairman), Mr Mosololi and Mr Brown. The Company does not have any scheme relating to retirement benefits for Executive or Non-executive Directors.

Director and key management personnel details

The following persons acted as Directors of the Company during or since the end of the financial year:

- B Pryor
  Independent Chairman
- D Brown
  CEO and Executive Director
- B Berlin [1]
  CFO and Executive Director
- D Schutte [2]
  CFO and Executive Director
- A Chee Sin [1]
  Non-executive Director
- A Mifflin
  Independent Non-executive Director
- H Zhen [1]
  Non-executive Director
- K Mosehla
  Independent Non-executive Director
- P Cordin
  Independent Non-executive Director
- R Torlage [3]
  Non-executive Director
- S Ding
  Non-executive Director
- T Mosololi
  Independent Non-executive Director

[1] Appointed as Directors on 24 April 2018

[2] Mr Schutte resigned as an Executive Director on 30 November 2017

[3] Mr Torlage resigned as a Non-executive Director on 26 April 2018

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Apart from the Executive Directors, no employees satisfy the definition of 'key management' to be separately disclosed in this remuneration report.

REMUNERATION POLICY

The remuneration policy of MCMining has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of MCMining believes the remuneration policy to be appropriate and effective in its ability to attract and retain management personnel to run and manage the Group, as well as create goal congruence between Directors, management and shareholders.

The Board's policy for determining the nature and amount of remuneration for management personnel of the Group is as follows:

- The remuneration structure is developed by the Nomination and Remuneration Committee and approved by the Board after professional advice is periodically sought from independent external consultants
- Management personnel receive a base salary (based on factors such as length of service and experience), performance rights and performance incentives
- Incentives paid in the form of cash and performance rights are intended to align the interests of the Directors, management and the Company with those of the shareholders

The Nomination and Remuneration Committee reviews senior management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of senior management personnel is measured against criteria agreed annually with each executive and bonuses and incentives are linked to predetermined performance criteria. The performance criteria vary and are determined in line with each individual's performance contract. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, options or performance rights, and can recommend changes to the Nomination and Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. Shareholder nominee Non-executive Directors are not remunerated.
The Nomination and Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees, excluding share-based payments that can be paid to Non-executive Directors is A$1,000,000 ($740,700).

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Options granted under the Employee Share Option Plan do not carry dividend or voting rights. Options are valued using a binomial pricing model and the Black-Scholes option pricing model was used to validate the price calculated.

The Company has a shareholder approved performance rights plan (the Plan) to assist in the reward, retention and motivation of eligible employees and to align the interest of eligible employee with the shareholders of the Company. Prior to a performance right being exercised, the performance grants do not carry any dividend or voting rights. Any performance rights will be granted for no consideration and no exercise price is payable upon exercise of the performance rights.

All the performance rights proposed to be granted are subject to the following vesting conditions:

- Vesting of the performance rights will be subject to a hurdle rate based on the compound annual growth rate in total shareholder return (TSR) across the three years commencing on the grant date of the performance rights (Performance Period)
- The hurdle is a measure of the increase in the Company's share price and is a target for the TSR
- The base price for the TSR calculation will be the volume weighted average price (VWAP) of shares over the five days prior to the grant date
- The end price for the TSR calculation will be the VWAP over the last five days of the Performance Period

PERFORMANCE-BASED REMUNERATION

The key performance indicators (KPIs) are set annually, which includes consultation with management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

HEDGING OF MANAGEMENT REMUNERATION

No member of executive management entered into an arrangement during or since the end of the financial year to limit the risk relating to any element of that person's remuneration.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2018.

	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
	$'000	$'000	$'000	$'000	$'000
Revenue	**32,693**	–	–	–	4,060
Net loss before tax from continuing operations	**97,043***	17,662	23,903	6,711	84,120
Net loss after tax from continuing operations	**103,763**	17,367	22,472	6,711	84,120
Share price at start of year [1]	**A$0.05**	A$0.06	A$0.09	A$0.07	A$0.19
Share price at end of year	**A$0.36#**	A$0.05	A$0.06	A$0.09	A$0.07
Basic and diluted loss per share ($ cents) from continuing operations	**73.54***	17.26	1.19	0.47	8.02

* Includes the $87.5 million impairment of the Vele Colliery assets
[1] The share price at the start of the year is prior to the share consolidation that took place in December 2017
Post 20:1 share consolidation

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each Director are:

	Short term employee benefits			Post-employment benefits		Share-based payments	Total	Share based % of Total
2018	**Salary and fees**	**Bonus**	**Non -monetary benefits**	**Super-annuation**	**Termination benefits**	**Options/ shares**		
	$	$	$	$	$	$	$	%
Non-executive Directors								
B Pryor	69,566	–	–	–	–	–	69,566	–
A Chee Sin [1]	–	–	–	–	–	–	–	–
A Mifflin	46,278	–	–	–	–	–	46,278	–
H Zhen [1]	–	–	–	–	–	–	–	–
K Mosehla	47,076	–	–	–	–	–	47,076	–
P Cordin	42,263	–	–	4,015	–	–	46,278	–
R Torlage [2]	–	–	–	–	–	–	–	–
S Ding	–	–	–	–	–	–	–	–
T Mosololi	47,076	–	–	–	–	–	47,076	–
Executive Directors								
D Brown	479,667	210,446	–	–	–	272,924	963,037	28
B Berlin [3]	131,270	–	–	–	–	–	131,270	–
D Schutte [4]	125,344	109,120	–	–	178,470	–	412,934	–
	988,540	**319,566**	**-**	**4,015**	**178,470**	**272,924**	**1,763,515**	**15**

[1] Mr Chee Sin and Mr Zhen were appointed on 24 April 2018
[2] Mr Torlage resigned on 26 April 2018
[3] Ms Berlin was appointed on 24 April 2018
[4] Mr Schutte resigned on 30 November 2017

No Director appointed during the period received a payment as part of her consideration for agreeing to hold the position.

In September 2017, performance bonuses of $0.3 million were paid out in relation to certain performance targets met for the 2017 financial year. The performance targets were based on a combination of individual performance and corporate key performance indicators including: safety, acquisition of a cash generator and the sale of Mooiplaats.

	Short term employee benefits			Post-employment benefits		Share-based payments	Total	Share based % of total
2017	**Salary and fees**	**Bonus**	**Non-monetary benefits**	**Super-annuation**	**Termination benefits**	**Options/ shares**	**Salary and fees**	**Bonus**
	$	$	$	$	$	$	$	%
Non-executive Directors								
B Pryor	54,573	–	–	–	–	–	54,573	–
A Mifflin	39,964	–	–	3,441	–	–	43,405	–
K Mosehla	36,371	–	–	–	–	–	36,371	–
P Cordin	39,639	–	–	3,766	–	–	43,405	–
R Torlage	36,371	–	–	–	–	–	36,371	–
S Ding	–	–	–	–	–	–	–	–
T Mosololi	36,371	–	–	–	–	–	36,371	–
Executive Directors								
D Brown	445,867	179,271	–	–	–	155,653	780,791	20
D Schutte	278,142	101,173	–	–	–	98,830	478,145	21
	967,298	**280,444**	**–**	**7,207**	**–**	**254,483**	**1,509,432**	**17**
Key management								
C Bronn [1]	249,957	58,918	–	–	–	–	308,875	–
	1,217,255	**339,362**	**–**	**7,207**	**–**	**254,483**	**1,818,307**	**14**

[1] Mr Bronn resigned as Chief Operating Officer on 30 June 2017. No replacement was named and there is no additional key management personnel this year

SHARE-BASED PAYMENTS GRANTED AS COMPENSATION FOR THE CURRENT FINANCIAL YEAR

During the financial year, the following share-based payment arrangements were in existence:

Option series	Number	Grant date	Expiry date	Exercise price	Grant date value	Vesting date
ESOP unlisted options	250,000	27/11/2015	27/11/2018	GBP1.10	AUD0.024	[1]

[1] A total of 250,000 options (post the 20:1 share consolidation) were granted to Non-executive Directors Mr Pryor, Mr Mifflin, Mr Mosehla, Mr Cordin and Mr Mosololi vesting immediately on grant date

The following grants of share-based payment compensation to executive management personnel relate to the current financial year:

		During the financial year				
Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compen-sation for the year consisting of options
D Brown	Performance grant	625,612	–	–	n/a	28
D Schutte [1]	Performance grant	394,862	–	–	100%	–

[1] Mr Schutte resigned during the financial year and therefore forfeited the performance grant

During the year, none of the executive management personnel exercised options or Performance Rights granted to them as part of their compensation.

KEY TERMS OF EMPLOYMENT CONTRACTS

The Company has entered into formal contractual employment agreements with the CEO and the CFO who are both Executive Directors of the Company. There are no formal contractual employment agreements with any other member of the Board.

Mr Brown's appointment as CEO commenced on 1 February 2014 with an annual remuneration of R6.1 million and a six-month notice period. During the year, Mr Brown received 625,612 Performance Rights. The Performance Rights factor in a hurdle rate based on the compound annual growth rate of total shareholder return across the period from the grant date.

Ms Berlin was appointed on 24 April 2018 as CFO with an annual remuneration of R5.1 million and a six month notice period. No Performance Rights were awarded to Ms Berlin during the period.

Mr Schutte resigned as CFO on 30 November 2017 and received an annual remuneration of R3.8 million and a three month notice period. All Performance Rights previously awarded to Mr Schutte were forfeited on his resignation.

LOANS FROM KEY MANAGEMENT PERSONNEL

No loans were provided to or received from key management personnel during the year ended 30 June 2018.

OTHER TRANSACTIONS

No other transactions were entered into with any member of key management personnel other than those detailed in this Remuneration report.

DIRECTOR EQUITY HOLDINGS

Option holdings

The movement during the reporting period in the number of options over ordinary shares at GBP1.10, vesting immediately held directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes	Held at 30 June 2018
Non-executive Directors					
B Pryor	1,000,000	–	–	(950,000) [1]	**50,000**
A Chee Sin	–	–	–	–	**–**
A Mifflin	1,000,000	–	–	(950,000) [1]	**50,000**
H Zhen	–	–	–	–	**–**
K Mosehla	1,000,000	–	–	(950,000) [1]	**50,000**
P Cordin	1,000,000	–	–	(950,000) [1]	**50,000**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	1,000,000	–	–	(950,000) [1]	**50,000**
Executive Directors					
D Brown	–	–	–	–	**–**
B Berlin	–	–	–	–	**–**
D Schutte	–	–	–	–	**–**

[1] The number of options reduced as a result of the 20:1 share consolidation completed during the period

The movement during the reporting period in the number of performance grants over ordinary shares exercisable in three years' time subject to performance criteria, held directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes	Held at 30 June 2018
Non-executive Directors					
B Pryor	–	–	–	–	**–**
A Chee Sin	–	–	–	–	**–**
A Mifflin	–	–	–	–	**–**
H Zhen	–	–	–	–	**–**
K Mosehla	–	–	–	–	**–**
P Cordin	–	–	–	–	**–**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	–	–	–	–	**–**
Executive Directors					
D Brown	1,048,449	625,612	–	–	**1,674,061**
B Berlin	–	–	–	–	**–**
D Schutte [1]	671,683	394,862	–	(1,066,545)	**–**

[1] Mr Schutte resigned during the financial year and therefore forfeited all Performance Rights

The movement during the reporting period in the number of ordinary shares held, directly, indirectly or beneficially by each Director including their personally-related entities, is as follows:

	Held at 1 July 2017	Granted as remuneration	Exercised	Expired/ other changes [1]	Held at 2018 30 June
Non-executive Directors					
B Pryor	150,000	–	–	(142,500)	**7,500**
A Chee Sin	–	–	–	–	**–**
A Mifflin	–	–	–	–	**–**
H Zhen	–	–	–	–	**–**
K Mosehla	–	–	–	–	**–**
P Cordin	1,371,059	–	–	(1,302,506)	**68,553**
R Torlage	–	–	–	–	**–**
S Ding	–	–	–	–	**–**
T Mosololi	10,000	–	–	(9,500)	**500**
Executive Directors					
D Brown	825,000	–	–	(783,750)	**41,250**
B Berlin	–	–	–	–	**–**
D Schutte	–	–	–	–	**–**

1. 20:1 share consolidation completed in December 2017

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Bernard Robert Pryor
Chairman
27 September 2018

David Hugh Brown
Chief Executive Officer
27 September 2018

AUDITOR'S INDEPENDENCE **DECLARATION**

Deloitte Touche Tohmatsu
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The Board of Directors
MCMining Limited
Suite 8, 7 The Esplanade
Mount Pleasant, WA 6153

27 September 2018

Dear Directors

MCMining LIMITED (FORMERLY COAL OF AFRICA LIMITED)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of MCMining Limited.

As lead audit partner for the audit of the financial statements of MCMining Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(ii) any applicable code of professional conduct in relation to the audit

Yours sincerely

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

DIRECTORS' **DECLARATION**

for the year ended 30 June 2018

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

b) In the Directors' opinion, the attached consolidated financial statements are in compliance with IFRS, as stated in Note 1.1 to the consolidated financial statements

c) In the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity

d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001

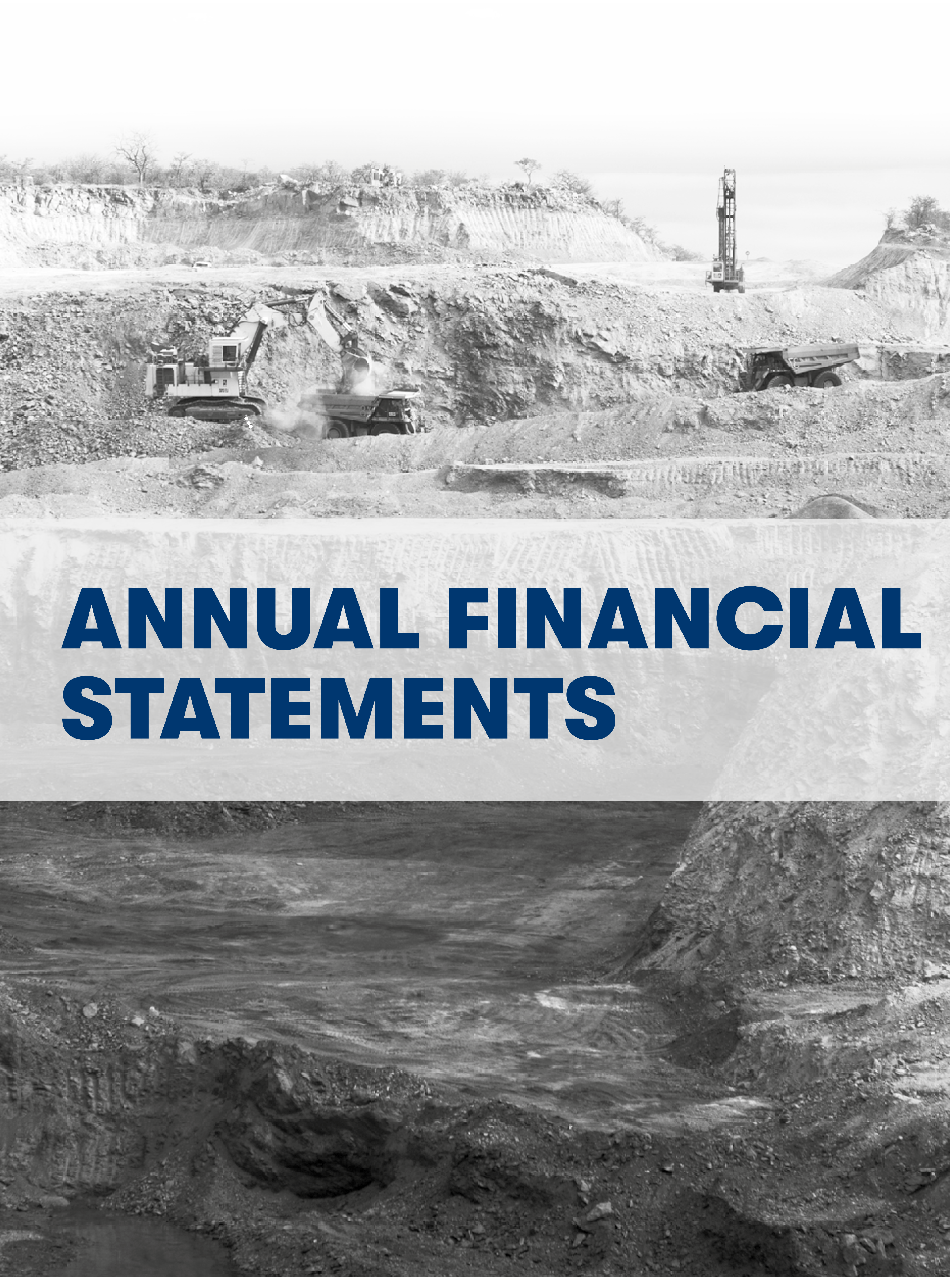
Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Bernard Pryor
Chairman
27 September 2018

David Brown
Chief Executive Officer
27 September 2018

ANNUAL FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Continuing operations			
Revenue	5	**32,693**	–
Cost of sales	6	**(27,340)**	–
Gross profit		**5,353**	–
Other operating income	7	**1,410**	368
Other operating (losses)/gains	8	**(1,192)**	4,136
Impairment expense	9	**(87,475)**	(10,624)
Administrative expenses	10	**(12,704)**	(10,683)
Operating loss		**(94,608)**	(16,803)
Interest income		**1,201**	326
Finance costs	11	**(3,636)**	(1,185)
Loss before tax		**(97,043)**	(17,662)
Income tax (charge)/credit	12	**(6,720)**	295
Net loss for the year from continuing operations		**(103,763)**	(17,367)
Discontinued operations			
Profit for the year from operations classified as held-for-sale	13	**2,185**	1,815
LOSS FOR THE YEAR		**(101,578)**	(15,552)
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(2,393)**	16,057
Total comprehensive (loss)/income for the year		**(103,971)**	505
Loss for the year attributable to:			
Owners of the Company		**(101,413)**	(15,536)
Non-controlling interests		**(165)**	(16)
		(101,578)	(15,552)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(103,806)**	521
Non-controlling interests		**(165)**	(16)
		(103,971)	505
Loss per share	14		
From continuing operations and discontinued operations			
Basic and diluted (cents per share)		**(71.99)**	(15.45)
From continuing operations			
Basic and diluted (cents per share)		**(73.54)**	(17.26)
Headline loss per shares		**(12.12)**	(7.89)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
ASSETS			
Non-current assets			
Development, exploration and evaluation expenditure	15	**144,922**	232,822
Property, plant and equipment	16	**29,452**	30,531
Other receivables	18	**226**	237
Other financial assets	19	**4,324**	9,171
Restricted cash	22	**84**	52
Loan receivable	13	**3,946**	–
Deferred tax assets	27	**–**	5,713
Total non-current assets		**182,954**	278,526
Current assets			
Inventories	20	**730**	1,688
Trade and other receivables	21	**5,496**	6,107
Tax receivable		**36**	326
Loan receivable	13	**3,290**	–
Other financial assets	19	**4**	5
Cash and cash equivalents	22	**10,931**	9,624
		20,487	17,750
Assets classified as held-for-sale	23	**–**	9,791
Total current assets		**20,487**	27,541
Total assets		**203,441**	306,067
LIABILITIES			
Non-current liabilities			
Deferred consideration	24	**–**	1,916
Borrowings	25	**10,191**	8,197
Provisions	26	**5,458**	7,468
Deferred tax liability	27	**5,991**	6,087
Other liabilities	28	**181**	–
Total non-current liabilities		**21,821**	23,668
Current liabilities			
Deferred consideration	24	**2,017**	–
Trade and other payables	29	**6,845**	4,224
Provisions	26	**569**	597
Other liabilities	28	**1,024**	–
Current tax liabilities		**431**	1,290
		10,886	6,111
Liabilities associated with assets held-for-sale	23	**–**	3,414
Total current liabilities		**10,886**	9,525
Total liabilities		**32,707**	33,193
NET ASSETS		**170,734**	272,874
EQUITY			
Issued capital	30	**1,040,950**	1,040,950
Accumulated deficit	31	**(851,535)**	(750,100)
Reserves	32	**(19,075)**	(18,535)
Equity attributable to owners of the Company		**170,340**	272,315
Non-controlling interests	34	**394**	559
TOTAL EQUITY		**170,734**	272,874

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Issued capital $'000	Accumu-lated deficit $'000	Share based payment reserve $'000	Capital profits reserve $'000
Balance at 1 July 2017	1,040,950	(750,100)	713	91
Total comprehensive loss for the year	–	(101,413)	–	–
Loss for the year	–	(101,413)	–	–
Other comprehensive loss, net of tax	–	–	–	–
Sale of Mooiplaats Colliery	–	–	–	–
Dividends	–	(22)	–	–
Performance grants issued to employees	–	–	616	–
Share options cancelled/forfeited	–	–	(161)	–
IFRS 2 Black economic empowerment charge	–	–	884	–
Balance at 30 June 2018	**1,040,950**	**(851,535)**	**2,052**	**91**
Balance at 1 July 2016	1,006,435	(736,403)	2,274	91
Total comprehensive loss for the year	–	(15,536)	–	–
Loss for the year	–	(15,536)	–	–
Other comprehensive loss, net of tax	–	–	–	–
Shares issued for capital raising (net of costs)	14,864	–	–	–
Shares issued for conversion of YBI loan	10,000	–	–	–
Performance grants issued to employees	–	–	466	–
Share options expired	–	1,839	(1,839)	–
Share options cancelled/forfeited	–	–	(188)	–
Warrants issued to the IDC	–	–	–	–
Shares issued for the acquisition of Uitkomst Colliery	9,651	–	–	–
Balance at 30 June 2017	**1,040,950**	**(750,100)**	**713**	**91**

The accompanying notes are an integral part of these consolidated financial statements.

	Warrants reserve $'000	Foreign currency translation reserve $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
	1,134	(20,473)	272,315	559	272,874
	–	(1,879)	(103,292)	(165)	(103,457)
	–	–	(101,413)	(165)	(101,578)
	–	(2,393)	(2,393)	–	(2,393)
	–	514	514	–	514
	–	–	(22)	–	(22)
	–	–	616	–	616
	–	–	(161)	–	(161)
	–	–	884	–	884
	1,134	**(22,352)**	**170,340**	**394**	**170,734**
	–	(36,530)	235,867	575	236,442
	–	16,057	521	(16)	505
	–	–	(15,536)	(16)	(15,552)
	–	16,057	16,057	–	16,057
	–	–	14,864	–	14,864
	–	–	10,000	–	10,000
	–	–	466	–	466
	–	–	–	–	–
	–	–	(188)	–	(188)
	1,134	–	1,134	–	1,134
	–	–	9,651	–	9,651
	1,134	**(20,473)**	**272,315**	**559**	**272,874**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Cash flows from operating activities			
Receipts from customers		**36,923**	117
Payments to suppliers and employees		**(34,921)**	(10,341)
Cash used in operations	36	**2,002**	(10,224)
Interest received		**603**	471
Interest paid		**(11)**	(14)
Tax paid		**(1,234)**	–
Net cash used in operating activities		**1,360**	(9,767)
Cash flows from investing activities			
Purchase of property, plant and equipment	16	**(2,887)**	(164)
Proceeds from the sale of property, plant and equipment		**96**	2
Investment in development assets	15	**(4)**	(6)
Investment in exploration assets	15	**(3,801)**	(430)
Net cash outflow on business combination	39	**–**	(8,394)
Proceeds from the sale of Holfontein	23	**–**	3,042
Net proceeds from the sale of Mooiplaats Colliery	13	**2,315**	–
Decrease/(increase) in other financial assets	19	**4,921**	(402)
(Increase)/decrease in restricted cash		**(32)**	197
Net cash used in investing activities		**608**	(6,155)
Cash flows from financing activities			
Payment of deferred consideration	24	**–**	(18,247)
Proceeds from loans payable	25	**–**	9,004
Debt issuance costs	25	**–**	(91)
Proceeds from loans receivable	18	**–**	457
Proceeds from the issue of shares (net of share issuance costs)		**–**	14,864
Net cash generated by financing activities		**–**	5,987
Net (decrease) in cash and cash equivalents		**1,968**	(9,935)
Net foreign exchange differences		**(683)**	58
Cash and cash equivalents at beginning of the year		**9,646**	19,523
Cash and cash equivalents at the end of the year	22	**10,931**	9,646

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

1. GENERAL INFORMATION

MCMining is a limited company incorporated in Australia. Its common shares are listed on the ASX, the AIM and the JSE in South Africa. The address of its registered office and principal places of business is Suite 8, 7 The Esplanade, Mt Pleasant, Perth, Western Australia, 6000.

The principal activities of the Company and its subsidiaries (the Group or the Consolidated Entity) are the acquisition, exploration, development and operation of metallurgical and thermal coal projects in South Africa.

The Group's principal assets and projects include:

- The operating mine, Uitkomst Colliery, acquired on 30 June 2017
- The Makhado hard coking and thermal coal project that has been granted a NOMR, an IWUL and an EA
- The Vele Colliery, a semi soft coking and thermal coal mine, currently under care and maintenance and has been granted the final IWUL relating to the new perennial stream diversion application
- Three exploration and development stage coking and thermal coal projects, namely Chapudi, Generaal and Mopane

The Mooiplaats Colliery, which was on care and maintenance, was sold during the financial year in November 2017

Going concern

The Consolidated Entity has incurred a net loss after tax for the year ended 30 June 2018 of $103.8 million (2017: $17.4 million). The current period loss included a non-cash impairment expense of $87.5 million relating to the Vele Colliery (2017: $10.7 million impairment of the intangible asset). During the 12 month period ended 30 June 2018, net cash inflows from operating activities were $1.4 million (30 June 2017 net outflow: $9.8 million). As at 30 June 2018, the Consolidated Entity had a net current asset position of $9.6 million (30 June 2017: net current asset position of $18 million).

The Directors have prepared a cash flow forecast for the period ended 30 September 2019, taking into account available facilities and expected cash flows to be generated by Uitkomst, which indicates that the Consolidated Entity will have sufficient cash flow to fund their operations for at least the twelve month period from the date of signing this report and therefore are of the opinion that the use of the going concern basis remains appropriate.

Basis of presentation

1.1 Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with IFRS as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Directors on 27 September 2018.

1.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for other financial assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in United States dollars, and rounded to nearest thousand unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability

1. GENERAL INFORMATION *continued*

Basis of presentation *continued*

Restatement

Change in classification of expenses

During the period, the Group has changed the method of classification of expenses within the consolidated statement of profit or loss and other comprehensive income. Expenses previously classified using the nature of the expenses are now classified using the function of the expenses.

With the acquisition of the Uitkomst Colliery effective 30 June 2017, this method will provide more relevant information to users of the financial statements and align the Group with common practice within the industry. Prior year comparatives, at 30 June 2017 have been reclassified on this basis with additional information about the nature of expenses disclosed in note 10.

2. ACCOUNTING POLICIES

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of controlled entities is contained in note 36 to the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to any category of equity as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Accounting Standard AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.2 Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities are recognised and measured in accordance with AASB 112 'Income Taxes'
- Assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 119 'Employee Benefits'
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date
- Assets (or disposal groups) that are classified as held-for-sale in accordance with AASB 5 'Non-current Assets Held-for-sale and Discontinued Operations' are measured in accordance with that Standard

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. ACCOUNTING POLICIES *continued*

2.3 Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in United Sates dollars ($), which is the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States dollars using the spot rate of exchange ruling at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange ruling at the reporting date. Exchange differences arising are recognised in equity.

2.4 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the criteria above are met and the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as assets held-for-sale and liabilities associated with assets held-for-sale in the consolidated statement of financial position. The income and expenses from these operations are not included in the various line items in the consolidated statement of profit or loss and other comprehensive income but the net results from these operations classified as held-for-sale are disclosed as a separate line within the statement of profit or loss.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.5 Exploration and evaluation expenditure

(i) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for Mineral Resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group conclude that a future economic benefit is more likely than not to be realised.

Capitalised expenditure includes costs directly related to exploration and evaluation activities in the relevant area of interest, including materials and fuel used, surveying costs, drilling costs and payments made to contractors. General and administrative costs are allocated to an exploration or evaluation area of interest and capitalised as an asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that are valued beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment.

All capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied, and assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.11.

Exploration and evaluation expenditure that has been capitalised is reclassified to property, plant and equipment – development assets, when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Prior to such reclassification, exploration and evaluation expenditure capitalised is tested for impairment.

2.6 Property, plant and equipment – development assets

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure.

No depreciation is recognised in respect of development assets.

Development assets are assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.12.

A development asset is reclassified as a 'mining property' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. Immediately prior to such reclassification, development assets are tested for impairment.

2.7 Property, plant and equipment – mining property

Mining property includes expenditure that has been incurred through the exploration and development phases, and, in addition, further development expenditure that is incurred in respect of a mining property after the commencement of production, provided that, in all instances, it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as cost of sales.

Mining property includes plant and equipment associated with the mining property.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation on plant and equipment included within mining property is computed on a straight-line basis over five years.

Depreciation on other components of mining property, is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mining property is assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.11.

2. ACCOUNTING POLICIES *continued*

2.8 Deferred stripping costs

Stripping costs comprise the removal of overburden and other waste products from a mine. Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine (initially within development assets) and are subsequently depreciated over the life of the operation.

Stripping costs incurred during the production stage of a mine are deferred when this is considered the most appropriate basis for matching the costs against the related economic benefits. The amount deferred is based on the waste-to-ore ratio ('stripping ratio'), which is calculated by dividing the tonnage of waste mined by the quantity of ore mined. Stripping costs incurred in a period are deferred to the extent that the current period ratio exceeds the expected life-of-mine-ratio. Such deferred costs are then charged to the consolidated statement of profit or loss and other comprehensive loss to the extent that, in subsequent periods, the current period ratio falls below the LoM ratio. The LoM stripping ratio is calculated based on proved and probable reserves. Any changes to the LoM ratio are accounted for prospectively.

Where a mine operates more than one open pit that is regarded as a separate operation for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping (i.e. overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

Deferred stripping costs are included in the cost base of assets when determining a cash-generating unit for impairment assessment purposes.

2.9 Property, plant and equipment – Mining Rights

Mining Rights are classified as property plant and equipment on commencement of commercial production.

Depreciation is charged using the units-of-production method. The units-of-production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

Mining Rights are assessed for impairment if facts and circumstances indicate that an impairment may exist.

2.10 Property, plant and equipment (excluding development assets, mining property and mining rights)

Freehold land is stated at cost and is not depreciated.

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where items of property, plant and equipment contain components that have different useful lives to the main item of plant and equipment, these are capitalised separately to the plant and equipment to which the component can be logically assigned.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and the useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The annual depreciation rates applicable to each category of property, plant and equipment are as follows:

Furniture, fittings and office equipment	13% – 50%
Buildings	20%
Plant and equipment	20%
Motor vehicles	20% – 33%
Leasehold improvements	25%
Computer equipment	33%
Leased assets	Lease period

2.11 Intangible assets, excluding goodwill

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation method used and the estimated remaining useful lives are reviewed at least annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

Intangible assets are assessed for impairment if facts and circumstances indicate that an impairment may exist. See note 2.11.

2.12 Impairment of tangible and intangible assets other than goodwill

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 2.23 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on the straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity.

Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

2. ACCOUNTING POLICIES *continued*

2.14 Inventories *continued*

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.15 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of profit or loss and other comprehensive loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits.

Restricted cash comprise cash balances which are encumbered and the Group does, therefore, not have access to these funds.

2.17 Financial instruments

Recognition

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

Financial assets

Financial assets are classified into the following specified categories: FVTPL, 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking or
- It is a derivative that is not designated and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 35.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that management has the intent and ability to hold to maturity are classified as held to maturity. These investments are included in non-current assets, except for maturities within 12 months from the financial year-end date, which are classified as current assets. Held to maturity investments are carried at amortised cost using the effective interest rate method less any impairment.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available-for-sale investments

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the equity is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed or unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

2. ACCOUNTING POLICIES *continued*

2.17 Financial instruments *continued*

Impairment of financial assets *continued*

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been, had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Any interest in financial assets transferred that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all, or substantially all, risks and rewards are retained, then the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are initially measured at fair value. Financial liabilities comprise short-term and long-term interest-bearing borrowings and trade and other payables (excluding income received in advance).

Subsequent to initial measurement, such liabilities are carried at amortised cost using the effective interest method.

Borrowings

Borrowings comprise short-term and long-term interest-bearing borrowings. Premiums or discounts arising from the difference between the fair value of borrowings raised and the amount repayable at maturity date are recognised in the consolidated statement of profit or loss as borrowing costs based on the effective interest rate method.

Derecognition
Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, and includes ordinary share capital. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2.18 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The increase in provisions due to the passage of time is included in the finance cost line item in the consolidated statement of profit or loss and comprehensive loss.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The entity recognises a provision for financial guarantees when it is probable that an outflow of resources embodying economic benefits and will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- Financial difficulty of the debtor
- Defaults or delinquencies in interest and capital repayment of the debtor
- Breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms
- A decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations

Rehabilitation provision
A provision for rehabilitation is recognised when there is a present obligation as a result of exploration, development or production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal and other requirements and technology. Future rehabilitation costs are reviewed annually and any changes in the estimate are reflected in the present value of the rehabilitation provision at each reporting date.

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated or amortised on the same basis as the related asset. Changes in the estimate of the provision are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

2. ACCOUNTING POLICIES *continued*

2.20 Share-based payments transactions of the Company *continued*

Equity-settled

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Accounting for BEE transactions

Where equity instruments are issued to a BEE party at less than fair value, these are accounted for as share-based payments. Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the consolidated statement of profit or loss and other comprehensive loss.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

2.21 Taxation, including sales tax

The income tax expense or income for the period represents the sum of the tax currently payable or recoverable and deferred tax.

Current taxation

The tax currently payable or recoverable is based on taxable profit or loss for the year. Taxable profit or loss differs from profit or loss as reported in the consolidated statement of profit or loss and other comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

Deferred taxation

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if a taxable temporary difference arises from the initial recognition of goodwill or any temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax balances are calculated using the tax rates that are expected to apply to the reporting period or periods when the temporary difference reverse, based on tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Sales tax

Revenues, expenses and assets are recognised net of the amount of the applicable sales tax, except:

- Where the amount of sales tax incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or
- For receivables and payables which are recognised inclusive of sales tax

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The sales tax component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2.22 Revenue recognition

Revenue is recognised at fair value of the consideration received net of the amount of applicable sales tax.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Many of the Group's sales are subject to an adjustment based on inspection of the shipment by the customer. In such cases, revenue is recognised based on the Group's best estimate of the grade at the time of shipment, and any subsequent adjustments are recorded against revenue when advised. Historically, the differences between estimated and actual grade have not been significant.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate. Interest income is recognised in investment income on the consolidated statement of profit or loss and other comprehensive income.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

2.25 Segment information

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive committee.

2. ACCOUNTING POLICIES *continued*

2.25 Segment information *continued*

Management has determined the reportable segments of the Group based on the reports reviewed by the Company's executive committee that are used to make strategic decisions. The Group has three reportable segments: exploration, development and mining (see note 4).

2.26 Adoption of new and revised Accounting Standards and Interpretations

In the current year the Group has adopted all of the new and revised standards and interpretation issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reported period. New and revised standards and amendments therof and interpretations effective for the current reporting period that are relevant to the Group include:

- *AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* which clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and it is not effected by possible future changes in the carrying amount or expected manner of recovery of the asset
- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* which amend existing presentation and disclosure requirements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes
- *AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2016 – 2016 Cycle* which clarify the existing disclosure requirements and scope of *AASB 12 Disclosure of Interest in Other Entities* to apply to interests that are classified as held for sale or distribution

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

At the date of the authorisation of this financial report, a number of Standards and Interpretations were in issue but not yet effective. The Group has assessed those that are relevant to its operations as follows:

Title of standard	Nature of change	Impact	Mandatory application date/ date of adoption by Group
AASB 9 ***Financial instruments***	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group has performed a detailed assessment and reviewed its financial assets and liabilities and is expecting the following impacts as discussed below. The other financial assets held by the Group include: • equity investments currently measured at fair value through profit or loss which would likely continue to be measured on the same basis under AASB 9 Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. Expected date of adoption by the Group: 1 July 2018

Title of standard	Nature of change	Impact	Mandatory application date/ date of adoption by Group
		The new impairment model requires the recognition of impairment provisions based on expected credit losses ('ECL') rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has undertaken a detailed assessment of how its impairment provisions on trade receivables would be affected by the new model and concludes that it will not have a material impact upon initial adoption. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	
AASB 15 ***Revenue from contracts with customers***	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management has assessed the effects of applying the new standard on the Group's financial statements, especially with the acquisition of Uitkomst Colliery on 30 June 2017. The assessment is as follows: Revenue, from the sale of coal will not be materially affected by the adoption of AASB 15	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the Group: 1 July 2018.

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Title of standard	Nature of change	Impact	Mandatory application date/ date of adoption by Group
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The exceptions are short-term and low-value leases.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating leases of $1.1 million. Some of these operating leases may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16 and will be recognised on a straight-line basis as an expense in profit or loss. However, the Group has not yet assessed what other adjustments, if any, are necessary, for example, because of the change in the definition of the lease term and different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of the rights of use assets and leases liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of its cash flows going forward.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The primary areas in which estimates and judgements are applied are discussed below.

Asset carrying values and impairment charges

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Key assumptions include future coal prices, future operating costs, discount rates, foreign exchange rates and coal reserves. Refer to note 15.

Coal reserves

Economically recoverable coal reserves relate to the estimated quantity of coal in an area of interest that can be expected to be profitably extracted, processed and sold.

The Group determines and reports coal reserves under the JORC Code. This includes estimates and assumptions in relation to geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, exchange rates and expected coal demand and prices.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations and mining operations conducted, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change

Depreciation and amortisation charges in the consolidated statement of profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Group applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Group's accounting policy, a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss. Refer to note 15.

Development expenditure

Development activities commence after the commercial viability and technical feasibility of the project is established. Judgment is applied by management in determining when a project is commercially viable and technically feasible. Any judgments may change as new information becomes available. If, after having commenced the development activity, a judgment is made that a development asset is impaired, the appropriate amount will be written off to the consolidated statement of comprehensive income. Refer to note 15.

The Company considers the following items as pre-requisites prior to concluding on commercial viability:

- All requisite regulatory approvals from government departments in South Africa have been received and are not subject to realistic legal challenges
- The Company has the necessary funding to engage in the construction and development of the project as well as general working capital until the project is cash generative
- A JORC-compliant resource proving the quantity and quality of the project as well as a detailed mine plan reflecting that the colliery can be developed and will deliver the required return hurdle rates
- The Company has secured off-take and/or logistics agreements for a significant portion of the product produced by the mine and the pricing has been agreed
- The Company has the appropriate skills and resources to develop and operate the project

Rehabilitation and restoration provisions

Certain estimates and assumptions are required to be made in determining the cost of rehabilitation and restoration of the areas disturbed during mining activities and the cost of dismantling of mining infrastructure. The amount the Group is expected to incur to settle its future obligations includes estimates regarding:

- The future expected costs of rehabilitation, restoration and dismantling
- The expected timing of the cash flows and the expected life of mine (which is based on coal reserves noted above)
- The application of relevant environmental legislation
- The appropriate rate at which to discount the liability

Changes in the estimates and assumptions used could have a material impact on the carrying value of the rehabilitation provision and related asset. The provision is reviewed at each reporting date and updated based on the best available estimates and assumptions at that time. The carrying amount of the rehabilitation provision is set out in note 24.

Recoverability of non-current assets

As set out in note 15, certain assumptions are required to be made in order to assess the recoverability of non-current assets where there is an impairment indicator. Key assumptions include future coal prices, future operating costs, discount rate, foreign exchange rates and estimates of coal reserves. Estimates of coal reserves in themselves are dependent on various assumptions (refer above). Changes in these assumptions could therefore affect estimates of future cash flows used in the assessment of recoverable amounts, estimates of the life of mine and depreciation. Refer to note 15.

Non-current assets held-for-sale and discontinued operations

A non-current asset, or disposal group, is classified as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than continued use. In accordance with AASB 5 'Non-current Assets Held-for-sale and Discontinued Operations', assets which meet the definition of held-for-sale are valued at the lower of carrying value and fair value less costs to sell.

Judgement is required by management in determining whether an asset meets the AASB 5 criteria of held-for-sale, including whether the asset is being actively marketed, is available for sale in its current condition and whether a sale is highly probable within 12 months of classification as held-for-sale. When calculating fair value less costs to sell, estimates of future disposal proceeds are also required. Refer to note 23 for further details.

4. SEGMENT INFORMATION

The Group has three reportable segments: exploration, development and mining.

The exploration segment is involved in the search for resources suitable for commercial exploitation, and the determination of the technical feasibility and commercial viability of resources. As of 30 June 2018, projects within this reportable segment include four exploration stage coking and thermal coal complexes, namely Chapudi (which comprises the Chapudi Project, the Chapudi West Project and the Wildebeesthoek Project), Generaal (which comprises the Generaal Project and the Mount Stuart Project), Mopane (which comprises the Voorburg Project and the Jutland Project) and Makhado (comprising the Makhado Project and the Makhado Extension Project).

The development segment is engaged in establishing access to and commissioning facilities to extract, treat and transport production from the mineral reserve, and other preparations for commercial production. As of 30 June 2018, the only project included within this reportable segment is the Vele Colliery, in the early operational and development stage.

The mining segment is involved in day to day activities of obtaining a saleable product from the mineral reserve on a commercial scale and consists of Uitkomst Colliery and the Klipspruit Project. No revenue or costs were recognised for the Uitkomst Colliery for the prior year as the effective date of acquisition was 30 June 2017.

The accounting policies of the reportable segments are the same as those described in note 2, Accounting policies.

The Group evaluates performance on the basis of segment profitability, which represents net operating (loss)/profit earned by each reportable segment.

Each reportable segment is managed separately because, amongst other things, each reportable segment has substantially different risks.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The Group's reportable segments focus on the stage of project development and the product offerings of coal mines in production.

In order to reconcile the segment results with the consolidated statement of profit or loss and other comprehensive income, the discontinuing operations should be deducted from the segment total and the corporate results (as per the reconciliation later in the note should be included).

For the year ended 30 June 2018

	Exploration	Development	Mining	Total
Revenue	–	–	32,693	32,693
Cost of sales	–	–	(27,340)	(27,340)
Gross profit	–	–	5,353	5,353
Other Income	11	102	988	1,101
Other operating (losses)/gains	–	–	25	25
Impairment expense	–	(87,475)	–	(87,475)
Administrative expenses	(1,129)	(985)	(1,275)	(3,389)
Operating (loss)/profit	(1,118)	(88,358)	5,091	(84,385)
Interest income	21	–	173	194
Finance costs	(2,578)	(464)	(75)	(3,117)
(Loss)/profit before tax	(3,675)	(88,822)	5,189	(87,308)
Income tax charge	(461)	(5,816)	(1,744)	(8,021)
Net loss for the year	(4,136)	(94,638)	3,445	(95,329)
Segment assets	122,175	28,180	30,821	181,176
Items included in the Group's measure of segment assets				
Addition to non-current assets	3,801	4	1,881	5,686
Segment liabilities	(14,166)	(4,464)	(9,272)	(27,902)

For the year ended 30 June 2017

	Exploration	Development	Mining	Total
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Other Income	87	172	–	259
Other operating (losses)/gains	1,556	3	–	1,559
Administrative expenses	(2,088)	(1,173)	–	(3,261)
Operating (loss)/profit	(445)	(998)	–	(1,443)
Interest income	2	14	–	16
Finance costs	(1,062)	(120)	–	(1,182)
(Loss)/profit before tax	(1,505)	(1,104)	–	(2,609)
Income tax credit	–	295	–	295
Net loss for the year	(1,505)	(809)	–	(2,314)
Segment assets	124,216	120,406	31,016	275,638
Items included in the Group's measure of segment assets				
Addition to non-current assets (including Uitkomst)	679	6	31,016	31,701
Segment liabilities	(8,758)	(6,672)	(9,045)	(24,475)

Reconciliations of the total segment amounts to respective items included in the consolidated financial statements are as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Total loss for reportable segments	**(95,329)**	(2,314)
Reconciling items:		
Other operating income	**309**	2,085
Other operating (losses)/gains	**(1,216)**	2,329
Impairment expense	**–**	(10,624)
Administrative expenses	**(9,315)**	(9,150)
Interest income	**1,006**	310
Finance costs	**(519)**	(3)
Income tax credit	**1,301**	–
Net loss for the year from continuing operations	**(103,763)**	(17,367)
(Profit)/loss for the year from operations classified as held-for-sale	**2,185**	1,815
Loss for the year	**(101,578)**	(15,552)
Total segment assets	**181,176**	275,638
Reconciling items:		
Unallocated property, plant and equipment	**2,688**	4,118
Other financial assets	**3,574**	7,311
Other receivables	**7,645**	–
Unallocated current assets	**8,358**	9,310
Assets classified as held-for-sale	**–**	9,690
Total assets	**203,441**	306,067
Total segment liabilities	**27,902**	24,475
Reconciling items:		
Deferred consideration	**2,016**	1,916
Unallocated liabilities	**2,789**	3,388
Liabilities associated with assets held-for-sale	**–**	3,414
Total liabilities	**32,707**	33,193

4. SEGMENT INFORMATION *continued*

The Group operates in two principal geographical areas – Australia (country of domicile) and South Africa (country of operations).

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Revenue by location of operations		
South Africa	32,693	–
Australia	–	–
Total revenue	32,693	–
Non-current assets by location of operations		
South Africa	182,946	278,526
Australia	–	–
Total non-current assets	182,946	278,526

5. REVENUE

Revenue consists solely of the sale of coal by the Uitkomst Colliery.

6. COST OF SALES

Cost of sales consists of:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Employee costs	(3,232)	–
Depreciation and amortisation	(1,240)	–
Inventory	(3,433)	–
Mining contractor	(12,912)	–
Utilities	(454)	–
Human resources	(756)	–
Training	(53)	–
Wash plant	(418)	–
Administration	(349)	–
Environmental	(60)	–
Logistics	(1,109)	–
Engineering	(2,602)	–
Safety	(105)	–
Security	(226)	–
Royalties	(391)	–
	(27,340)	–

There were no comparative figures for the cost of sales, as Uitkomst was acquired on 30 June 2017. Refer to note 39.

7. OTHER OPERATING INCOME

Other operating income includes:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Rental income	**212**	196
Scrap sales	**102**	172
Transport income	**728**	–
Diesel recoupment	**239**	–
Other	**129**	–
	1,410	368

8. OTHER OPERATING (LOSSES)/GAINS

Other operating (losses)/gains include:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Foreign exchange (loss)/gain		
Unrealised	**(2,211)**	1,971
Realised	**699**	1,393
Other	**320**	944
	(1,192)	4,308

9. IMPAIRMENT EXPENSE

During the period, the Group made the decision to prioritise the Makhado Project and consequently to delay the redevelopment of the Vele Colliery to better align with the timing of the Musina-Makhado SEZ in Limpopo. This has resulted in the forecast production date for the Vele Colliery being delayed, with production now expected to commence in July 2021. In terms of AASB 136 – Impairment of Assets, management identified this as an indicator that the Vele assets may be impaired and performed a formal impairment assessment at 31 December 2017. Refer to note 13 for details of the impairment.

In the prior period, MCMining decided not to renew the take or pay obligation with Terminal de Carvao da Matola (TCM), a subsidiary of Grindrod, the operator of the Matola Terminal, and CMR Engineers & Project Managers Proprietary Limited. In August 2008, the Company entered into a throughput agreement with TCM. This agreement granted the Company 1mtpa of port capacity through the Matola terminal commencing 1 January 2009, for an initial term of five years. This capacity was increased to approximately 3mtpa in March 2011 and the Company had the right to renew the agreement (subject to certain conditions) at the end of the initial term, for further periods of three successive periods of five years each for a total of 15 years.

MCMining decided not to renew the take or pay obligation beyond 31 December 2016 to avoid any further liabilities until export orientated production can be forecast with certainty, and as a result impaired the intangible asset.

New terms can be negotiated if required to facilitate any production by Vele Colliery and the Makhado Project.

10. ADMINISTRATIVE EXPENSES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Employee expense	**(5,979)**	(4,646)
IFRS2 BEE expense [1]	**(884)**	–
Depreciation	**(264)**	(354)
Professional fees	**(542)**	(1,102)
Transaction costs	**(608)**	(1,135)
Legal expenses	**(534)**	(378)
Other overheads	**(3,893)**	(3,068)
	(12,704)	(10,683)

[1] The BEE expense relates to the 21% shareholding that Pan African Resources Coal Holdings Proprietary Limited (the majority shareholder in Uitkomst Colliery) sold to the BEE parties on 1 January 2018, in order to comply with BEE legislation pertaining to the mining industry and ensure a legal licence to operate

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Included in administrative expenses is auditors' remuneration as follows:		
Remuneration for audit and review of the financial report:		
Deloitte – Australia	**(115)**	(92)
Deloitte – South Africa	**(289)**	(200)
	(404)	(292)
Non-audit related services performed:		
Deloitte – Australia	**(7)**	(34)
Deloitte – South Africa	**(4)**	(5)
	(11)	(39)

11. FINANCE COSTS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Interest on borrowings	**(2,932)**	(1,051)
Unwinding of interest	**(559)**	(120)
Other	**(145)**	(14)
	(3,636)	(1,185)

12. INCOME TAX (CHARGE)/CREDIT

Income tax recognised in profit or loss from continuing operations

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Current tax		
Tax expense in respect of the current year	**(1,565)**	–
Tax expense in respect of the prior year	**878**	–
Deferred tax (note 27)		
Recognition of deferred tax assets on assessed losses	**–**	295
Deferred tax asset derecognised	**(5,816)**	–
Current year deferred tax	**(213)**	–
Withholding taxes	**(4)**	–
Total income tax (expense)/credit recognised	**(6,720)**	295

The Group's effective tax rate for the year from continuing operations was 6.9% (2017: (2%)). The tax rate used for the 2018 and 2017 reconciliations below is the corporate tax rate of 30% for Australian companies. The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Loss from continuing operations before income tax	**(97,045)**	(17,662)
Income tax benefit calculated at 30% (2016: 30%)	**29,114**	5,299
Tax effects of:		
Expenses that are not deductible for tax purposes	**(26,846)**	(157)
Differences in tax rates	**(53)**	(127)
Income not taxable	**380**	436
Other temporary differences not recognised	**(4,080)**	(5,156)
Other	**(297)**	–
Prior year adjustments	**878**	–
Derecognition of deferred tax asset – losses	**(5,816)**	–
Income tax (charge)/credit	**(6,720)**	295

Income tax recognised in profit or loss from discontinued operations

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Current tax		
Current tax expense in respect of the current year	**–**	–
	–	–
Deferred tax (note 27)		
Recognition of deferred tax asset – losses	**–**	–
Income tax credit	**–**	–

The Group's effective tax rate for the year from discontinued operations was (0%) (2017: 0%). The tax rate used for the 2018 and 2017 reconciliations below is the corporate tax rate of 30% payable by Australian corporate entities. The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Profit/(loss) before income tax from discontinued operations	**2,185**	1,815
Income tax benefit calculated at 30% (2017: 30%)	**(656)**	(545)
Tax effects of:		
Expenses that are not deductible for tax purposes	**(144)**	(80)
Differences in tax rates	**(10)**	37
Income not taxable	**936**	846
Other temporary differences not recognised	**(126)**	(258)
Income tax credit	**–**	–

13. DISCONTINUING OPERATIONS

13.1 Disposal of Langcarel (Pty) Ltd (Mooiplaats)

During the period, the Company as well as its BEE partner Ferret, entered into a sale of shares and claims agreement (the Agreement) with MCH and Mooiplaats Mining Limited (Mooiplaats Mining). In terms of the Agreement, MCMining and Ferret disposed of 100% of their shares in Mooiplaats Mining and the Group disposed of its respective claims against Mooiplaats Mining and its wholly-owned subsidiary Langcarel Proprietary Limited (the Transaction), the owner of the Mooiplaats Colliery. The sale was finalised on 2 November 2017 for an aggregate purchase price of $13.1 million (R179.9 million). The purchase price will be settled as follows:

- An initial tranche of $4.9 million (R67 million) on the effective date of sale ($3.8 million (R52 million) to the Group and $1.1 million (R15 million) to Ferret for full and final settlement of their equity)
- The balance of $8.2 million (R112.9 million) to be settled in not more than 10 quarterly instalments, with the first deferred payment expected to be due by the end of August 2018, to coincide with the timing of the incorporation of Portions 2, 3 and the remaining extent of the farm Klipbank 295 IT into the Mooiplaats Colliery NOMR

The deferred payments of $8.2 million (R112.9 million) have been present valued to an amount of $6.6 million at 2 November 2017, to account for the time value of money.

Mooiplaats was classified as held-for-sale as at 30 June 2017.

The profit/(loss) for the period until the sale of Mooiplaats is analysed as follows:

	Period ended 2 November 2017 $'000	Year ended 30 June 2017 $'000
Other gains	3,126	–
Expenses	(941)	(1,207)
Profit/(loss) before tax	2,185	(1,207)
Profit/(loss) for the year from operations held-for-sale (attributable to owners of the Company)	2,185	(1,207)

Included in other gains is the reversal of prior year asset impairments of $3.1 million.

	Period ended 2 November 2017 $'000	Year ended 30 June 2017 $'000
Net cash outflows from operating activities	(483)	(860)
Net cash infows/(outflows) from investing activities	1,451	(140)
Net cash inflows from financing activities	513	761
Net cash inflows/(outflows)	1,481	(239)

The major classes of assets and liabilities of Mooiplaats at the effective date of sale were as follows:

	Period ended 2 November 2017 $'000	Year ended 30 June 2017 $'000
Assets classified as held-for-sale		
Property, plant and equipment	8,332	9,407
Other financial assets	–	239
Inventories	1	1
Trade and other receivables	234	21
Cash and cash equivalents	1,403	22
	9,970	9,690
Liabilities classified as held-for-sale		
Provisions	(2,744)	(2,937)
Trade payables and accrued expenses	(30)	(477)
	(2,774)	(3,414)
Net assets classified as held-for-sale	7,196	6,276
Impairment reversal	3,160	–
Net assets of Mooiplaats	10,356	6,276
Consideration received or receivable		
Cash	3,718	–
Receivable	6,638	–
Total disposal consideration	10,356	–
Carrying value of net assets sold	(10,356)	–
	–	–
Present value of loan receivable at 2 November 2017	6,638	–
Unwinding of interest	505	–
Foreign exchange difference	93	–
	7,236	–
Current portion of receivable at 30 June 2018	(3,290)	–
Long term portion of receivable at 30 June 2018	3,946	–

13. DISCONTINUING OPERATIONS *continued*

13.2 Analysis of loss for the year from discontinuing operations

The combined results of the operations held-for-sale included in the loss for the year are set out below. The comparative losses and cash flows from operations held-for-sale have been re-presented to include those operations classified as held-for-sale in the current year.

Loss for the year from discontinuing operations

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Reversal of impairment	**3,120**	3,022
Other gains	**6**	–
	3,126	3,022
Expenses	**(941)**	(1,207)
Profit before tax	**2,185**	1,815
Profit for the year from operations held-for-sale (attributable to owners of the Company)	**2,185**	1,815

These operations have been classified and accounted for at 30 June 2017 as a disposal group held-for-sale (see note 23).

13.3 Holfontein (Pty) Ltd (Holfontein)

The Company finalised the disposal of the Holfontein thermal coal project near Secunda in Mpumalanga during the prior financial year. Holfontein was disposed for $3.8 million (R50 million), of which $0.8 million (R10 million) was received in prior periods.

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

14.1 Basic loss/(profit) per share

	Year ended 30 June 2018 Cents per share	Year ended 30 June 2017 Cents per share
From continuing operations	**(73.54)**	(17.26)
From discontinuing operations	**1.55**	1.81
	(71.99)	(15.45)
Loss for the year attributable to owners of the Company	**(101,413)**	(15,536)
Less: (profit)/loss for the year from operations held-for-sale	**(2,185)**	(1,815)
Loss used in the calculation of basic loss per share from continuing operations	**(103,598)**	(17,351)

Weighted number of ordinary shares

	'000 shares	'000 shares
Weighted average number of ordinary shares for the purposes of basic loss per share	**140,880**	100,531

The comparative loss per share has been adjusted to reflect the share consolidation completed during the current period (refer note 30).

14.2 Diluted loss per share

Diluted loss per share is calculated by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of diluted ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As at 30 June 2018, 1,250,000 options and 2,408,752 warrants (2017: 4,031,762 (pre-consolidation 80,635,237) options and 283,771 (5,675,415 pre-consolidation) weighted average number of warrants), were excluded from the computation of the loss per share as their impact is anti-dilutive.

14.3 Headline loss per share (in line with JSE requirements)

The calculation of headline loss per share at 30 June 2018 was based on the headline loss attributable to ordinary equity holders of the Company of $17.1 million (2017: $7.9 million) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2018 of 140,879,585 (2017: 100,531,081).

The adjustments made to arrive at the headline loss are as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Loss for the period attributable to ordinary shareholders	**(101,413)**	(15,536)
Adjust for:		
Impairment expense	**87,475**	7,602
Asset held-for-sale impairment reversal	**(3,120)**	–
Profit on disposal of property, plant and equipment	**(10)**	–
Headline earnings	**(17,068)**	(7,934)
Headline loss per share (cents per share)	**(12.12)**	(7.89)

15. DEVELOPMENT, EXPLORATION AND EVALUATION EXPENDITURE

Development, exploration and evaluation expenditure comprises:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Exploration and evaluation assets	**116,889**	118,652
Development expenditure	**28,033**	114,170
Balance at end of year	**144,922**	232,822

A reconciliation of development, exploration and evaluation expenditure is presented below:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Exploration and evaluation assets		
Balance at beginning of year	**118,652**	104,893
Additions	**3,801**	430
Movement in rehabilitation asset	**(79)**	(37)
Transfer from development assets	**–**	2,342
Acquisition of Uitkomst Colliery (refer note 39)	**–**	249
Foreign exchange differences	**(5,485)**	10,775
Balance at end of year	**116,889**	118,652
Development assets		
Balance at beginning of year	**114,170**	103,030
Additions	**4**	6
Movement in rehabilitation asset	**(2,323)**	2,004
Transfer to exploration and evaluation assets	**–**	(2,342)
Impairment expense	**(87,475)**	–
Foreign exchange differences	**3,657**	11,472
Balance at end of year	**28,033**	114,170

Impairment testing

Exploration and evaluation assets

As of 30 June 2018, the net book value of the following project assets were classified as exploration and evaluation assets:

- Greater Soutpansberg Project: $62.9 million
- Makhado Project: $53.7 million
- Uitkomst North adit: $0.2 million
- Other: $0.1 million

15. DEVELOPMENT, EXPLORATION AND EVALUATION EXPENDITURE *continued*

Impairment testing *continued*

Exploration and evaluation assets *continued*

In terms of AASB 6 – Exploration for and Evaluation of Mineral Resource – management have performed an assessment of whether facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. In performing its assessment, management have considered its exploration rights to the exploration areas, its planned and budgeted exploration activities and the likelihood of the recoverability of the net book value from the successful development of the areas of interest. Management have concluded that no indicators of impairment for its exploration and evaluation assets exist as at 30 June 2018.

Development assets

As of 30 June 2018 the net book value of the following project assets were included in development assets:

- Vele Colliery: $28 million

During the half year to 31 December 2017, the Group made the decision to prioritise the Makhado Project and consequently to delay the redevelopment of the Vele Colliery to better align with the timing of the Musina-Makhado SEZ in Limpopo. This resulted in the forecast production date for the Vele Colliery being delayed with production now expected to commence in July 2021. In terms of AASB 136 – Impairment of Assets, management identified this as an indicator that the Vele assets may be impaired and management performed a formal impairment assessment at 31 December 2017.

The recoverable value of the project was calculated using the fair value less costs of disposal approach to estimate the recoverable amount of the project, before comparing this amount with the carrying value of the associated assets and liabilities in order to assess whether an impairment of the carrying value was required under AASB 136. Due to the recoverable value being less than the carrying value, an impairment charge of $87.5 million was recognised during the half year ended 31 December 2017, and accordingly forms part of this annual report.

In calculating the fair value less costs of disposal, management forecasted the cash flows associated with the project over its expected life of 15 years until 2037 based on the current life of mine model. The cash flows are estimated for the assets of the colliery in its current condition together with capital expenditure required for the colliery to resume operations, discounted to its present value using a post-tax discount rate that reflects the current market assessments of the risks specific to the Vele Colliery. The identification of impairment indicators and the estimation of future cash flows required management to make significant estimates and judgments. Details of the key assumptions used in the fair value less costs of disposal calculation at 31 December 2017 have been included below.

Management have identified no indicators that the Vele assets may be any further impaired than the impairment charge processed at 31 December 2017. Accordingly, as no indicators were noted, management have not performed an additional impairment assessment as at 30 June 2018.

Key assumptions

	2018	2019	2020	2021	LT
Thermal coal price (USD, nominal)[1]	**80**	75	69	69	70[2]
Hard coking coal price (USD, nominal)[3]	**153**	135	129	125	129[4]
Exchange rate (USD/R, nominal)	**12.7**	12.5	13.2	14.3	15.0[5]
Discount rate[6]					16.75%
Inflation rates – USD					2.1%
– R					5.1%
Production start date[7]					FY 2022

1 Management's assumptions reflect the Richards Bay export thermal coal (API4) price
2 Long-term thermal coal price equivalent to USD65 per tonne in 2017 dollars
3 Management's assumption of the hard coking coal price was made after considering relevant broker forecasts
4 Long-term hard coking coal price equivalent to USD120 per tonne in 2017 dollars
5 From 2022, the exchange rate is derived with reference to the 2021 assumption, and inflated by the compounding differential between USD and R inflation rates. The comparative discount rate applied at 30 June 2017 is 16.1%
6 Management prepared a nominal R-denominated, post-tax discount rate, which was calculated with reference to the Capital Asset Pricing Model
7 The production start date assumes that sufficient project finance is able to be raised by management in order to commence production in July 2021. Management is in the early stages of considering the financing options available

Impairment assessment

	USD million
Carrying value of Vele cash generating unit	117.8
Recoverable value	30.3
Impairment expense (allocated to development assets)	(87.5)

Sensitivity analysis

Sensitivity	Change in variable %	Effect on fair value less costs of disposal
Long term coal prices	+10.0	21
	-10.0	(24)
Long term exchange rate	+10.0	25
	-10.0	(29)
Discount rate	+1.0	(2)
	-1.0	2
Operating costs	+10.0	(14)
	-10.0	14
Delays in production start date	+12 months	(4)

16. PROPERTY, PLANT AND EQUIPMENT

	Mining property, plant and equipment $'000	Mining Rights $'000	Land and buildings $'000	Leasehold improvements $'000	Motor vehicle $'000	Other $'000	Total $'000
30 June 2018							
Cost							
At beginning of year	1,996	20,243	8,783	438	1,048	2,037	34,545
Additions	296	–	2,566	–	–	25	2,887
Disposals	(23)	–	–	(318)	(22)	(23)	(386)
Rehabilitation asset	207	–	–	–	–	–	207
Exchange differences	(128)	(975)	(1,691)	–	(79)	(112)	(2,985)
At end of year	2,348	19,268	9,658	120	947	1,927	34,268
Accumulated depreciation							
At beginning of year	34	–	1,184	438	610	1,748	4,014
Depreciation charge	149	974	197	–	63	121	1,504
Accumulated depreciation on disposals	(9)	–	–	(318)	(22)	(22)	(371)
Exchange differences	(11)	(64)	(70)	–	(96)	(90)	(331)
At end of year	163	910	1,311	120	555	1,757	4,816
Net carrying value at end of fiscal year 2018	2,185	18,358	8,347	–	392	170	29,452

16. PROPERTY, PLANT AND EQUIPMENT *continued*

	Mining property, plant and equipment $'000	Mining Rights $'000	Land and buildings $'000	Leasehold improvements $'000	Motor vehicle $'000	Other $'000	Total $'000
30 June 2017							
Cost							
At beginning of year	42	–	7,368	390	605	1,597	10,002
Additions	–	–	5	–	7	152	164
Disposals	–	–	–	–	(17)	(4)	(21)
Acquisition of Uitkomst Colliery (refer note 39)	1,948	20,243	433	–	373	90	23,087
Exchange differences	6	–	977	48	80	202	1,313
At end of year	1,996	20,243	8,783	438	1,048	2,037	34,545
Accumulated depreciation							
At beginning of year	30	–	880	389	494	1,454	3,247
Depreciation charge	–	–	181	–	66	107	354
Accumulated depreciation on disposals	–	–	–	–	(17)	(2)	(19)
Exchange differences	4	–	123	49	67	189	432
At end of year	34	–	1,184	438	610	1,748	4,014
Net carrying value at end of fiscal year 2017	1,962	20,243	7,599	–	438	289	30,531

17. INTANGIBLE ASSETS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Balance at beginning of year	–	10,489
Amortisation	–	–
Impairment	–	(10,624)
Foreign exchange differences	–	135
Balance at end of year	–	–

In August 2008, the Company entered into a throughput agreement with TCM, a subsidiary of Grindrod, the operator of the Matola Terminal, and CMR Engineers & Project Managers Proprietary Limited.

This agreement granted the Company 1mtpa of port capacity through the Matola terminal commencing 1 January 2009, for an initial term of five years. This capacity was increased to approximately 3mtpa in March 2011 and the Company had the right to renew the agreement (subject to certain conditions) at the end of the initial term, for further periods of three successive periods of five years each for a total of 15 years.

During the 2015 financial year, the Company reached an agreement with Grindrod to settle the current liabilities to date as well as cover all future take or pay obligations until 31 December 2016. During the year ended 30 June 2017, MCMining decided not to renew the take or pay obligation beyond 31 December 2016 to avoid any further liabilities until export orientated production can be forecast with certainty, and as a result, impaired the intangible asset in full, with no further rights to port capacity currently existing following termination.

New terms can be negotiated if required to facilitate any production by Vele Colliery and the Makhado Project.

18. OTHER RECEIVABLES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Carrying amount of:		
Other loans	**226**	237
	226	237
Balance at beginning of year	**237**	1,013
Loans repaid	**–**	(457)
Interest	**–**	61
Other	**–**	7
Foreign exchange differences	**(11)**	108
Transfer Nimag loan to trade and other receivables	**–**	(495)
Balance at end of year	**226**	237

Nimag loan

MCMining provided a loan as part of the NiMag disposal to settle the balance of the purchase consideration. The loan was settled in full in the current financial year. The loan bore interest at the South African prime overdraft rate less 0.5%, payable quarterly in arrears.

19. OTHER FINANCIAL ASSETS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Carrying value of financial assets at fair value through profit or loss		
Listed securities		
Equity securities	**4**	5
Unlisted securities		
Equity securities in investment funds *	**3,901**	7,489
Acquisition of Uitkomst Colliery	**–**	19
	3,905	7,513
Fair value movements in other financial assets are recognised in other (losses)/gains in the consolidated statement of profit or loss (refer note 8). * Listed investments are carried at the market value as at the reporting date and unlisted investments are valued with reference to the investment company's fund statement.		
Deposits	**423**	1,663
	4,328	9,176

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Balance at beginning of year	**9,176**	7,221
Revaluations	**297**	521
Interest received	**–**	2
Disposal of investment	**(5,712)**	(760)
Deposit received	**–**	(21)
Acquisition of investments	**791**	1,181
Acquisition of Uitkomst Colliery (refer note 36)	**–**	19
Foreign exchange differences	**(224)**	1,013
Balance at end of year	**4,328**	9,176

20. INVENTORIES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Finished goods	**249**	–
Consumable stores	**212**	12
Other	**278**	292
Acquisition of Uitkomst (refer note 39)	**–**	1,384
Provision for obsolete inventory	**(9)**	–
	730	1,688

The Uitkomst inventory acquired in the prior year consisted of finished goods of $1.2 million (R15.3 million), consumable stores of $0.2 million (R2.9 million) and a provision for obsolete inventory of $0.02 million (R0.2 million).

The cost of inventories recognised as an expense during the year in respect of continuing operations was $3.4 million (2017: $0.03 million).

21. TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Trade receivables	**4,189**	127
Other receivables	**1,678**	1,519
Allowance for doubtful debts	**(371)**	(390)
Acquisition of Uitkomst Colliery (refer note 39)	**–**	4,851
	5,496	6,107

The carrying amount of trade and other receivables approximate their fair value due to their short-term maturity.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as disclosed above. The Group does not hold any collateral as security.

Movements on the allowance for doubtful debts are as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Balance at beginning of year	**(390)**	(345)
Allowance for bad debts in current year	**–**	–
Foreign exchange differences	**19**	(45)
	(371)	(390)

Trade receivables are exposed to the credit risk of end-user customers within the coal mining industry.

The Group has an established credit policy under which customers are analysed for creditworthiness before the Group's payment and delivery terms and conditions are offered. Customer balances are monitored on an ongoing basis to ensure that they remain within the negotiated terms and conditions offered.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Credit quality of trade receivables		
Not past due	**4,189**	127
Past due 0 to 30 days	**–**	–
Past due 31 to 60 days	**–**	–
Past due 61 to 90 days	**–**	–
	4,189	127
Currency analysis of trade receivables		
SA rand	**4,189**	127
	4,189	127

22. CASH AND CASH EQUIVALENTS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Bank balances	**10,931**	9,624
Bank balances included in a disposal group held-for-sale (refer note 21)	**–**	22
	10,931	9,646
Restricted cash	**84**	52
Restricted cash included in a disposal group held-for-sale (refer note 21)	**–**	–
	84	52

The restricted cash balance of $0.1 million (2017 – $0.1 million) is held on behalf of subsidiary companies in respect of the rehabilitation guarantees issued to the DMR in respect of environmental rehabilitation costs of $6.3 million (2017: $6.3 million). This cash is not available for use other than for those specific purposes.

Credit risk

Cash at bank earns interest at a floating rate based on daily bank deposit rates. Cash is deposited at highly reputable financial institutions of a high quality credit standing within Australia, the United Kingdom and the Republic of South Africa.

The fair value of cash and cash equivalents equates to the values as disclosed in this note.

23. ASSETS CLASSIFIED AS HELD-FOR-SALE

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Carrying amounts of		
Langcarel Proprietary Limited (Mooiplaats)	–	6,276
Property held-for-sale – Uitkomst	–	101
Assets classified as held-for-sale		
Mooiplaats	–	9,690
Property held-for-sale – Uitkomst	–	101
	–	9,791
Liabilities associated with assets held-for-sale		
Mooiplaats	–	3,414
	–	3,414
Assets classified as held-for-sale		
Property, plant and equipment	–	9,407
Other financial assets	–	239
Restricted cash	–	–
Inventories	–	1
Trade and other receivables	–	21
Cash and cash equivalents	–	22
Uikomst property, plant and equipment	–	101
	–	9,791
Liabilities classified as held-for-sale		
Provisions	–	2,937
Trade payables and accrued expenses	–	477
	–	3,414
Net assets held-for-sale	–	6,107

Holfontein

In the prior period, the sale of Holfontein was finalised and the Company received the balance outstanding of $3 million (R40 million). The sale resulted in a reversal of prior period impairments of $3 million.

Opgoedenhoop

During the prior year, the Company received $0.1 million (R1 million) of the balance outstanding of $1.3 million (R17.3 million) from the sale of the undeveloped Opgoedenhoop Mining Right. The balance outstanding at 30 June 2018 is $1.5 million (R19.1 million). The outstanding balance is accruing interest at the South African prime rate plus 4% as there has been a default in the payment terms. Subsequent to year-end, a final settlement agreement was entered into for $1.2 million (R16.5 million), of which $1 million (R14.1 million) was received on 31 August 2018. The balance of $0.2 million (R2.4 million) is due by 31 December 2018.

Uitkomst property

In the prior period, Uitkomst had signed an "offer to purchase" for the sale of a building for $0.1 million (R1.3 million). The sale was finalised in FY2018.

24. DEFERRED CONSIDERATION

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Deferred consideration	**2,017**	1,916
Balance at beginning of year	**1,916**	16,016
Uitkomst deferred consideration (refer note 36)	**–**	1,916
Repaid during the year	**–**	(18,247)
Interest accrued	**374**	839
Foreign exchange	**(273)**	1,392
Balance at end of year	**2,017**	1,916
Current	**2,017**	–
Non-current	**–**	1,916
	2,017	1,916

The opening balance deferred consideration in the prior year relates to the second tranche (part of the total acquisition price of $75 million for Chapudi and Kwezi) of $30 million payable to Rio Tinto. Full and final settlement of the outstanding balance plus all accrued interest was made in June 2017. The loan included interest at 4% as per the original agreement.

The additional deferred consideration present as at 30 June 2017 related to a deferred amount of $1.9 million (R25 million) included in the acquisition price of $21.1 million (R275 million), payable to Pan African Resources Plc (Pan African) for the acquisition by the Company of PAR Coal (refer note 39). The amount bears interest at the South African prime rate and will be settled on 30 June 2019. The Company is entitled to prepay any amounts in respect of the deferred consideration at any time until 30 June 2019. To the extent that certain coal buy-in opportunities are not secured by or with the assistance of Pan African, within two years from the effective date, which could result in MCMining suffering a lower economic benefit, the deferred consideration can be reduced by such value, subject to a maximum of $1.3 million (R15 million).

25. BORROWINGS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Industrial Development Corporation of South Africa Limited	**10,191**	8,197
	10,191	8,197
Balance at beginning of year	**8,197**	10,000
Yishun Brightrise Investment PTE Limited – converted to equity	**–**	(10,000)
Industrial Development Corporation of South Africa Limited	**–**	9,004
Debt insurance costs capitalised – cash based	**–**	(91)
Debt insurance costs capitalised – warrants	**–**	(1,096)
Interest	**2,439**	212
Foreign exchange	**(445)**	168
Balance at end of year	**10,191**	8,197

Yishun Brightrise Investment PTE Limited

During the 2016 period, a loan for $10 million was provided to the Company by its shareholder Yishun. The loan carried no interest and was only repayable in limited circumstances, including conditions relating to Baobab Mining and Exploration Proprietary Limited (Baobab).

During the 2017 financial year, the loan was converted into the Company's shares (245,037,981 shares were issued at a price of $0.04081 per share). Post consolidation of the shares, these shares translated to 12,251,899 shares.

25. BORROWINGS *continued*

Industrial Development Corporation of South Africa Limited

During the prior period, the Company entered into a loan agreement (the Loan Agreement) with the IDC and Baobab, a subsidiary of MCMining and owner of the mining right for the Makhado Project. In terms of the Loan Agreement, the IDC will advance loan funding up to $18.4 million (R240 million) to Baobab for use in the Makhado Project to advance the operations and implementation of the project. The loan funding is to be provided in two equal tranches of $9.2 million (R120 million) upon written request from Baobab.

In May 2017, the first tranche was drawn down by the Company. This is repayable on the third anniversary of each advance. On the third anniversary, the Company is required to repay the loan amount plus an amount equal to the after tax internal rate of return equal to 16% of the amount of each advance.

MCMining is also required to issue warrants, in respect of MCMining shares, to the IDC pursuant to each advance date as soon as the relevant shareholder approval is obtained. The warrants for the first draw down equates to 2.5% of the entire issued share capital of MCMining as at 5 December 2016. This equated to 2,408,752 (pre consolidation: 48,175,033) shares. The price at which IDC shall be entitled to purchase the MCMining shares is equal to a thirty percent premium to the 30 day volume weighted average price of the MCMining shares as traded on the JSE as at 5 December 2016 (R0.60 per share pre the share consolidation). The IDC is entitled to exercise the warrants for a period of five years from the date of issue.

Furthermore, upon each advance date, Baobab shall be required to issue new ordinary shares in Baobab to the IDC equivalent to 5% of the entire issued share capital of Baobab at such time. New ordinary shares equivalent to 5% in Baobab were issued to the IDC following the first advance.

If the second tranche of $9.2 million (R120 million) is not required by Baobab and therefore not advanced by Baobab, the IDC may elect to exercise one of the following rights:

- Baobab shall issue new ordinary shares in Baobab equivalent to 5% of the entire issued share capital of Baobab to the IDC for an aggregate subscription price of $4.6 million (R60 million) or
- Baobab shall issue ordinary shares in Baobab equivalent to 1% of the entire issued share capital of Baobab to the IDC for an aggregate share price of $0.08 (R1) or
- A penalty fee of $0.9 million (R12 million) shall be paid to the IDC by Baobab

The second tranche remains undrawn at the date of this report.

26. PROVISIONS

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Employee provisions	**378**	381
Biodiversity offset provision	**2,146**	2,126
Rehabilitation provisions	**3,503**	5,558
	6,027	8,065

Employee provisions

The provision for employees represents unused annual leave entitlements.

Biodiversity offset provision

The BOA was signed by the DEA, SAN Parks board and the Company to the value of $4.0 million (R55 million) over a 25 year period. The BOA commits the Company to pay $4.0 million (R55 million) to the SAN Parks board over a period of 25 years. The following payment arrangement has been agreed:

Phase 1 – R2 million paid in 2015

Phase 2 – R15 million from year 2016 to 2021 (R2.5 million annually)

Phase 3 – R13 million from year 2022 to 2028 (R1.8 million annually)

Phase 4 – R13 million from 2029 to 2033 (R2.6 million annually)

Phase 5 – R12 million from 2034 to 2038 (R2.4 million annually)

For the purpose of the present value calculation, these payments have been assumed as equal annual payments and discounted at the South Africa inflation rate of 6%.

Rehabilitation provision

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Balance at beginning of year	**5,558**	2,338
Unwinding of discount	**427**	120
Change in assumptions on rehabilitation provisions	**(2,337)**	1,821
Acquisition of Uitkomst Colliery (refer note 39)	**–**	888
Foreign Exchange	**(145)**	391
Balance at end of year	**3,503**	5,558

The rehabilitation provision represents the current cost of environmental liabilities as at the respective year end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the DMR, as well as meeting specific closure objectives outlined in the mine's EMPr.

Although the ultimate amount of the obligation is uncertain, the fair value of the obligation is based on information that is currently available. This estimate includes costs for the removal of all current mine infrastructure and the rehabilitation of all disturbed areas to a condition as described in the EMP.

The period assumed in the calculation of the present value of the obligation is the shorter of the remaining period of the mining licence and the aggregate of the construction period of the mine and the total estimated LoM.

The current estimate available is inflated by the South African inflation rate of 4.4% annually and the discount rate applied to establish the current obligation is a South Africa government bond rate at 30 June 2018 of 9.25% (2017: 8.92%) annually.

Due to the changes in assumptions, Vele Colliery had a decrease in the present value of the environmental obligation.

The Makhado Project is still in exploration phase and no formal decision to mine is currently in place.

Provisions have been analysed between current and non-current as follows:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Current	**569**	597
Non-current	**5,458**	7,468
	6,027	8,065

27. DEFERRED TAX

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Deferred tax asset	–	5,713
Deferred tax liability – acquisition of Uitkomst Colliery (note 36)	–	(6,087)
Deferred tax liability	**5,991**	–
Net deferred tax liability	**5,991**	(374)
The gross movement on the deferred tax account is as follows:		
Balance at beginning of year	**(374)**	4,773
Recognised on tax losses	–	296
Provisions	**104**	(1)
Capital allowances	**(225)**	–
Acquisition of Uitkomst Colliery (refer note 39)	–	(6,087)
Prior year adjustment	**(92)**	–
Deferred tax asset derecognised	**(5,816)**	–
Foreign exchange	**412**	645
Balance at end of year	**(5,991)**	(374)
The deferred tax balances at year-end are represented by:		
Deferred tax assets		
Capital allowances[1] on development assets	–	3,825
Tax losses[1]	–	1,889
Provisions	**371**	–
Acquisition of Uitkomst Colliery – provisions	–	377
Balance at end of year	**371**	6,091
Deferred tax liabilities		
Provisions	–	(1)
Acquisition of Ultkomst – property, plant and equipment	–	(6,464)
Capital allowances on property plant and equipment	**(6,362)**	–
Balance at end of year	**(6,362)**	(6,465)
Net deferred tax (liabilities)/assets	**(5,991)**	(374)

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of $101.7 million (2017: $152.3 million) in respect of losses amounting to $226.7 million (2017: $306.4 million) and unredeemed capital expenditure of $126.9 million (2017: $149.5 million) that can be carried forward against future taxable income.

[1] The deferred tax asset balance at 30 June 2017 of $5.7 million, relating to Vele Colliery, has been derecognised with no additional deferred tax assets being recognised during the period, due to the increased risk of recoverability of the deferred tax asset through future taxable earnings. This arises from the later commencement date of the Vele mine due to management's view of development of the SEZ and the prioritisation of the Makhado project. The charge to profit and loss was $5.8 million as a result of foreign exchange differences

28. OTHER LIABILITIES

This liability relates to a retention agreement entered into with employees to provide a retention payment to encourage employees to remain with the Company, perform in a highly effective manner and proactively execute the commercial strategy that the Company employs.

29. TRADE AND OTHER PAYABLES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Trade payables	**1,395**	2,925
Accrued expenses	**4,942**	1,107
Other	**508**	192
	6,845	4,224

The average credit period is 30 days. Interest at the South African prime overdraft rate is charged on overdue creditors.

30. ISSUED CAPITAL

During the reporting period, there were no shares issued, however, the Company implemented a share consolidation of 20:1, on 6 December 2017, resulting in a post consolidation of shares of 140,879,585. The share consolidation had no impact on voting rights.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Fully paid ordinary shares		
140,879,585 (2017: 2,817,587,529 pre consolidation) fully paid ordinary shares	**1,040,950**	1,040,950

	Number	$'000
Movements in fully paid ordinary shares		
At 30 June 2016	1,927,001,328	1,006,435
Issue of shares, net of issuance costs	890,586,201	34,515
At 30 June 2017	2,817,587,529	1,040,950
Share consolidation (20:1)	(2,676,707,944)	–
At 30 June 2018	**140,879,585**	**1,040,950**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options granted

Share options granted under the Company's employee share option plan and performance rights carry no rights to dividends and no voting rights. The options were included in the implementation of the share consolidation. Further details of the employee share option plan are provided in note 33.

31. ACCUMULATED DEFICIT

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Accumulated deficit at the beginning of the financial year	**(750,100)**	(736,403)
Net loss attributed to owners of the Company	**(101,413)**	(15,536)
Transferred from share based payment reserve	**–**	1,839
Dividend expense	**(22)**	
Accumulated deficit at the end of the financial year	**(851,535)**	(750,100)

32. RESERVES

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Capital profits reserve	91	91
Share based payment reserve	2,052	713
Warrants reserve	1,134	1,134
Foreign currency translation reserve	(22,352)	(20,473)
	(19,075)	(18,535)
Movements for the year can be reconciled as follows:		
Share-based payments reserve		
Opening balance	713	2,274
Share options issued during the year	616	466
Transfer from share based payment reserve	–	(1,839)
Share options cancelled/forfeited	(161)	(188)
IFRS 2 BEE charge	884	–
Closing balance	2,052	713
Foreign currency translation reserve		
Opening balance	(20,473)	(36,530)
Exchange differences on translating foreign operations	(2,393)	16,057
Sale of Mooiplaats Colliery	514	–
Closing balance	(22,352)	(20,473)
Warrants reserve		
Opening balance	1,134	–
Warrants issued to the IDC	–	1,134
Closing balance	1,134	1,134

NATURE AND PURPOSE OF RESERVES

Capital reserve

The capital profits reserve contains capital profits derived during previous financial years.

Share-based payment reserve

Share based payments represent the value of unexercised share options and performance rights to directors and employees. It also includes IFRS2 BEE charges.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations.

Warrants reserve

The warrants reserve relates to the warrants issued to the IDC in terms of the Loan Agreement to advance funding to Baobab. Refer note 25.

33. SHARE-BASED PAYMENTS

Employee share option plan

The Group maintains certain Employee Share Option Plans (ESOPs) for executives and senior employees of the Group as per the rules approved by shareholders on 30 November 2009. In accordance with the terms of the schemes, eligible executives and senior employees may be granted options to purchase ordinary shares. Share options have not been granted to employees.

Share options granted to Directors and officers

The Group also grants share options to directors, officers, lenders and equity funders of the Group outside the ESOP. In accordance with the Group's policies, Directors and officers may be granted options to purchase ordinary shares.

Share option terms, vesting requirements and options outstanding at 30 June 2018

Each option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options hold no voting or dividend rights, and are not transferable. Upon exercise of the options the ordinary shares received rank equally with existing ordinary shares.

The following share-based payment arrangements existed during the financial period ended 30 June 2018:

- The Company finalised an 18-month, R210 million working capital facility from Investec Bank Limited during October 2013 and announced that it would issue 20,000,000 options to Investec. The 20,000,000 shareholder approved options were issued on 30 January 2015 and have an exercise price of R1.32 and expire on 21 October 2018. Upon conversion, the shares will rank equally with existing shares, are not transferable and hold no voting or dividend rights. Post the share consolidation, Investec holds 1,000,000 options. At reporting date, none of the options had been taken up or had lapsed.
- On 27 November 2015, 1,000,000 options were awarded and vested to each of the five Independent Non-executive Directors at a price of GBP0.055 per option. The options expire on 27 November 2018. Upon conversion the shares will rank equally with existing shares, are not transferable and hold no voting or dividend rights. Post the share consolidation, the independent Non-executive Directors each hold 50,000 options. At reporting date, none of the options had been taken up or had lapsed.

There has been no alteration of the terms and conditions of the above share based payment arrangements since the grant date. The following share-based payment arrangements were in existence at the end of the current year:

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Weighted average remaining contractual life
Investec options	1,000,000	30/01/2015	21/10/2018	R26.40[1]	R15[1]	0.3 years
Non-executive Director options	250,000	27/11/2015	27/11/2018	GBP1.10[2]	R15.40[2]	0.4 years
	1,250,000					

1 The pre consolidation exercise price and fair value at grant date were R1.32 and R0.75 respectively
2 The pre consolidation exercise price and fair value at grant date were GBP0.055 and R0.77 respectively

Fair value of share options granted during the year

There were no share options granted during the period.

Options were priced using a binomial option pricing model and the Black-Scholes option pricing model was used to validate the price calculated. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

Expected volatility is calculated by Hoadley's volatility calculator for one, two and three year periods and a future estimated volatility level of 100% was used in the pricing model.

The total share based payment expense recognised in the current financial year is disclosed in the statement of changes in equity.

Movement in share options (post share consolidation)

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Options outstanding at beginning of year	**1,250,000**	2,108,896
Options expired	**–**	(330,146)
Options cancelled	**–**	(528,750)
Options outstanding at end of year	**1,250,000**	1,250,000
Weighted average exercise price (A$)	**1.40**	1.40
Options exercisable	**1,250,000**	1,250,000

Share options exercised during the year

No share options were exercised during the period.

33. SHARE-BASED PAYMENTS *continued*

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of A$1.40 (2017: A$1.40), post the share consolidation, and a weighted average contractual life of 0.32 years (2017: 1.32 years).

Performance Rights Plan

The performance rights factor in a hurdle rate based on the compound annual growth rate of total shareholder return across the period from the grant date. The Performance Rights were valued using a hybrid employee share option pricing model to simulate the total shareholder return of MCMining at the expiry date using a Monte-Carlo model.

On 24 November 2017, 1,722,383 Performance Rights were issued to senior management.

Inputs into the model for the current financial year were as follows:

	Performance Rights
Spot 5 day VWAP	R8.8
Exercise price	Nil
Expiry date	23 November 2020
Performance period	3.00
Risk free interest rate	8.09%

The total share based payment expense recognised in relation to the Performance Rights in the current financial year is $0.5 million.

In the prior period, 1,770,470 (post consolidation 35,409,403) performance rights were issued to senior management.

Inputs into the model for the prior financial year were as follows:

	Performance Rights
Spot 5 day VWAP	R12.6 (post share consolidation)
Exercise price	Nil
Expiry date	29 November 2019
Performance period	3.00
Risk free interest rate	8.24%

The total share based payment expense recognised in relation to the Performance Rights in the prior financial year is $0.4 million.

Movement in Performance Rights (post consolidation)

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Performance Rights outstanding at beginning of year	**2,781,767**	1,770,475
Performance Rights forfeited	**(1,066,545)**	(661,170)
Performance Rights granted	**2,177,245**	1,672,456
Performance Rights outstanding at end of year	**3,832,467**	2,781,761

34. NON-CONTROLLING INTEREST

Non-controlling interests comprise the following:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Freewheel Trade and Invest 37 Proprietary Limited	**575**	575
Baobab non-controlling interest	**(181)**	(16)
	394	559

35. FINANCIAL INSTRUMENTS

35.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings as detailed in note 25) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 30 to 32).

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group revised its target gearing ratio, determined as the proportion of net debt to equity, from 0% to 15%. This was to enable the Company to raise the loan from the IDC.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Debt [1]	**12,208**	9,271
Equity [2]	**170,732**	272,874
Debt to equity ratio	**0.07**	0.03

1 Debt is defined as long-term and short-term borrowings as described in note 25

2 Equity includes all capital and reserves of the Group that are managed as capital

35.2 Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Financial assets		
Other receivables	**226**	237
Trade and other receivables	**5,496**	6,107
Cash and cash equivalents	**10,931**	9,624
Restricted cash	**84**	52
Loan receivable	**7,236**	–
Other financial assets	**4,328**	9,176
Total financial assets	**28,301**	25,196
Financial liabilities		
Deferred consideration	**2,017**	1,916
Borrowings	**10,191**	8,197
Trade and other payables	**6,845**	4,224
Total financial liabilities	**19,053**	14,337

Fair value of financial assets and liabilities

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties in an arm's length transaction. The fair values of the Group's financial assets and liabilities approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

All financial assets and liabilities recorded in the consolidated financial statements approximate their respective fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3, based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The balances classed here are financial assets comprising deposits and listed securities (note 19).

35. FINANCIAL INSTRUMENTS *continued*

35.2 Categories of financial instruments *continued*

Fair value of financial assets and liabilities *continued*

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The financial assets classed as Level 2 comprise of investments with investment firms. These investments serve as collateral for rehabilitation guarantees. The fair value has been determined by the investment firms' fund statement (note 19).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no assets reclassified into/out of FVTPL during the year nor were any assets transferred between levels.

As at 30 June 2018	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	**5**	**3,901**		**3,906**

As at 30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	5	7,508	–	7,513

35.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

35.4 Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and the US dollar. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency. Most of the Company's purchases are denominated in South African rand. However, certain items during the exploration, development and plant construction phase as well as long lead-capital items are denominated in US dollars, Euros or Australian dollars. These have to be acquired by the South African operating company due to the South African Reserve Bank's Foreign Exchange Control Rulings. This exposes the South African subsidiary companies to changes in the foreign exchange rates.

The Group's cash deposits are largely denominated in US dollar and South African rand. A foreign exchange risk arises from the funds deposited in US dollar which will have to be exchanged into the functional currency for working capital purposes.

The Group generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

At financial period end, the financial instruments exposed to foreign currency risk movements are as follows:

Balances at 30 June 2018	Held in ZAR $'000	Held in GBP $'000	Held in AUD $'000	Held in USD $'000	Total $'000
Financial assets					
Other receivables	**236**	**–**	**–**	**–**	**236**
Trade and other receivables	**5,502**	**–**	**–**	**–**	**5,502**
Cash[1] and cash equivalents	**8,571**	**–**	**58**	**2,386**	**11,015**
Total financial assets	**14,309**	**–**	**58**	**2,386**	**16,753**
[1] Cash includes restricted cash					
Financial liabilities					
Deferred consideration	**2,017**	**–**	**–**	**–**	**2,017**
Borrowings	**10,191**	**–**	**–**	**–**	**10,191**
Trade and other payables	**6,832**	**1**	**12**	**–**	**6,845**
Total financial liabilities	**19,040**	**1**	**12**	**–**	**19,053**

Balances at 30 June 2017	Held in ZAR $'000	Held in GBP $'000	Held in AUD $'000	Held in USD $'000	Total $'000
Financial assets					
Other receivables	237	–	–	–	237
Trade and other receivables	6,107	–	–	–	6,107
Cash[1] and cash equivalents	5,698	559	21	3,398	9,676
Total financial assets	12,042	559	21	3,398	16,020

[1] Cash includes restricted cash

Financial liabilities					
Deferred consideration	1,916	–	–	–	1,916
Borrowings	8,197	–	–	–	8,197
Trade and other payables	3,475	9	40	700	4,224
Total financial liabilities	13,588	9	40	700	14,337

Balances classified as held-for-sale are not included in the above tables, or discussed in the subsequent narrative.

The following table details the Group's sensitivity to a 10% increase and decrease in the US dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the US dollar strengthens 10% against the relevant currency. For a 10% weakening of the US dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Impact on profit/(loss)		
Judgements on reasonable possible movements		
USD/R increase by 10%	**(8,237)**	(2,000)
USD/R decrease by 10%	**8,237**	2,000

35.5 Interest rate risk management

The Group's interest rate risk arises mainly from short-term borrowings, cash and bank balances and restricted cash. The Group has variable interest rate borrowings. Variable rate borrowings expose the Group to cash flow interest rate risk.

The Group has not entered into any agreements, such as hedging, to manage this risk.

The following table summarises the sensitivity of the financial instruments held at the reporting date, following a movement in variable interest rates, with all other variables held constant. The sensitivities are based on reasonably possible changes over a financial period, using the observed range of actual historical rates.

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Impact on profit/(loss)		
Judgements on reasonable possible movements		
Increase of 0.2% in LIBOR	**26**	24
Decrease of 0.2% in LIBOR	**(26)**	(24)
Increase of 1.0% in JIBAR	**130**	121
Decrease of 1.0% in JIBAR	**(130)**	(121)

The impact is calculated on the net financial instruments exposed to variable interest rates as at reporting date and does not take into account any repayments of short-term borrowings.

35. FINANCIAL INSTRUMENTS *continued*

35.6 Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At year end, there is no significant concentration of credit risk represented in the cash and cash equivalents, restricted cash and trade accounts receivables balance. The Group manages its credit risk by predominantly dealing with counterparties with a positive credit rating.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

35.7 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost effective manner. The Group's executive continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The concentration of cash balances on hand in geographical areas was as follows:

Balances at 30 June 2018	United Kingdom $'000	Australia $'000	South Africa $'000	Total $'000
Cash and cash equivalents and restricted cash	**2,386**	**58**	**8,571**	**11,015**
	2,386	**58**	**8,571**	**11,015**

Balances at 30 June 2017	United Kingdom $'000	Australia $'000	South Africa $'000	Total $'000
Cash and cash equivalents and restricted cash	3,967	21	5,688	9,676
	3,967	21	5,688	9,676

The contractual maturities of the Group's financial assets and liabilities at the reporting date were as follows:

Balances at 30 June 2018	Less than 6 months $'000	Between 6 – 12 months $'000	Greater than 12 months $'000	Total $'000
Deferred consideration[1]	**–**	**2,017**	**–**	**2,017**
Borrowings[1]	**–**	**–**	**10,191**	**10,191**
Trade and other payables	**6,845**	**–**	**–**	**6,845**
	6,845	**2,017**	**10,191**	**19,053**

Balances at 30 June 2018	Less than 6 months $'000	Between 6 – 12 months $'000	Greater than 12 months $'000	Total $'000
Other receivables	**–**	**–**	**226**	**226**
Loan receivables	**1,645**	**1,645**	**3,946**	**7,236**
Trade and other receivables	**5,502**	**–**	**–**	**5,502**
Cash and cash equivalents	**10,931**	**–**	**–**	**10,931**
Restricted cash	**–**	**–**	**84**	**84**
Other financial assets	**4**	**–**	**5,453**	**5,457**
	18,082	**1,645**	**9,709**	**29,436**

[1] Interest bearing at rates between 10.25 % and 22.2%

Balances at 30 June 2017	Less than 6 months $'000	Between 6 – 12 months $'000	Greater than 12 months $'000	Total $'000
Deferred consideration[2]	–	–	1,916	1,916
Borrowings[2]	–	–	8,197	8,197
Trade and other payables	4,224	–	–	4,224
	4,224	–	10,113	14,337

2 Interest bearing between 10% and 22.2%

Balances at 30 June 2017	Less than 6 months $'000	Between 6 – 12 months $'000	Greater than 12 months $'000	Total $'000
Other receivables		–	237	237
Trade and other receivables	6,107	–	–	6,107
Cash and cash equivalents	9,624	–	–	9,624
Restricted cash	52	–	–	52
Other financial assets	5	–	9,170	9,175
	15,788	–	9,407	25,195

36. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	Note	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Cash and bank balances	22	**10,931**	9,646

Reconciliation of loss before tax to net cash used in operations

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Loss before tax (continuing and discontinuing operations)	**(94,858)**	(15,847)
Add back:		
Depreciation	**1,504**	354
Net impairment expense	**84,355**	7,602
Share-based payment	**1,343**	272
Bad debt written off	**59**	–
Employee incentive	**1,289**	–
Re-valuation of investments	**(294)**	(526)
Movement in provisions	**(105)**	326
Finance costs (net)	**2,394**	503
Disposal of assets	**(10)**	(1)
Foreign exchange loss/(gains) on operating activities	**2,211**	(1,971)
Changes in working capital		
Increase in inventories	**938**	(287)
Decrease in trade and other receivables	**728**	2,057
Decrease in trade and other payables	**2,448**	(2,706)
Cash used in operations	**2,002**	(10,224)

37. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

The Group has no significant contingent liabilities at reporting date.

Commitments

In addition to the commitments of the parent entity as disclosed under note 42, subsidiary companies have typical financial commitments associated with their NOMRs granted by the South African DMR.

38. RELATED PARTY DISCLOSURES

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Short-term employee benefits	**1,308**	1,557
Post-employment benefits	**4**	7
Termination benefits	**178**	–
Share-based payments	**273**	254
	1,763	1,818

The Group has not provided any of its key management personnel with loans.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

39. BUSINESS COMBINATIONS

Subsidiaries acquired

During the prior period, the Company entered into a sale of shares and claims agreement (the Agreement) with Pan African to acquire 100% of the shares in and claims against PAR Coal for a purchase price of $21.1 million (R275 million). PAR Coal holds a 91% shareholding in Uitkomst Colliery with the remaining 9% held by broad-based trusts (including employees and communities) and a strategic entrepreneur's trust.

Uitkomst is a high grade thermal export quality coal deposit with metallurgical applications, which is situated in the Utrecht coal fields in KwaZulu Natal, South Africa. Uitkomst consists of an existing underground coal mine (Uitkomst-South mine) and a planned life of mine extension into the northern area (Klipspruit-North mine). The South mine is an easily accessible and well established operating mine. Existing infrastructure such as power supply, water supply, buildings, workshops, weighbridge, water storage and management facilities are all in place. Uitkomst currently employs approximately 556 employees (including contractors).

The acquisition was effective on 30 June 2017.

Consideration transferred

In terms of the Agreement, the acquisition price was settled as follows:

- $9.4 million (R125 million) paid in cash
- $1.9 million (R25 million) deferred consideration. The deferred consideration can be paid by MCMining at any time prior to the 24 month anniversary of the effective date of acquisition. The deferred consideration bears interest at the South African prime rate and shall be paid on the second anniversary of the effective date. MCMining is entitled to prepay any amounts in respect of the deferred consideration. If it is not settled after 24 months, the balance outstanding can be settled through the issue of new MCMining shares at the 30 day volume weighted average price as traded on the JSE (MCMining VWAP) on the date immediately prior to the date on which Pan African gives its election. To the extent that certain coal buy-in opportunities are not secured by or with the assistance of Pan African, within two years from the effective date, which could result in MCMining suffering a lower economic benefit, the deferred consideration can be reduced by such value, subject to a maximum of $1.3 million (R15 million)
- MCMining issued 261,287,625 new shares (equivalent to $9.4 million (R125 million))

Acquisition related costs amounting to $0.2 million, have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year, within the "other expenses" line item.

Assets acquired and liabilities recognised at the date of acquisition

The following summarises the amounts of assets acquired and liabilities recognised at the acquisition date:

	Carrying value	Fair value
Non-current assets		
Development, exploration and evaluation expenditure	249	249
Property, plant and equipment	13,666	23,087
Other financial assets	19	19
Current assets		
Inventories	1,383	1,383
Trade and other receivables	4,851	4,851
Cash and cash equivalents	999	999
Tax receivable	326	326
Assets classified as held-for-sale	101	101
Non-current liabilities		
Provisions	(888)	(888)
Deferred tax liability	(3,449)	(6,087)
Current liabilities		
Trade and other payables	(2,989)	(2,989)
Total identifiable net assets	14,268	21,051

Non-controlling interests

There was no non-controlling interest recognised on acquisition as the trusts that own shares in Uitkomst are effectively controlled by Uitkomst and the "N" shares held by the trust do not rank equally to the ordinary shares and therefore the trust do not participate in the profits and losses of Uitkomst.

Fair value

Fair value was estimated by an income-based valuation approach. The following were the key model inputs used in determining the fair value:

- Calculated cost of equity for Uitkomst discount rate 10.3%
- Average saleable production of 328,347 tonnes per annum
- Average selling price of R957 per tonne

At the time the financial statements were authorised for issue, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

Goodwill

No goodwill arose on acquisition.

Net cash outflow on acquisition of subsidiaries

Consideration paid in cash (R125 million)	9,393
Less: Cash and cash equivalent balances acquired	(999)
	8,394

Impact of acquisition on the results of the Group

Had this business combination been effected for the year ended 30 June 2017, the revenue of the Group from continuing operations would have been $31.8 million and the loss for the year from continuing operations would have been $13 million. The directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the "pro-forma" revenue and profit of the Group had Uitkomst been acquired at the beginning of the current year, the Directors have:

- Calculated depreciation of the mining asset on the basis of the fair value arising in the initial accounting of the business combination rather than the carrying amounts recognised in the pre-acquisition financial statement

40. CONTROLLED ENTITIES

Particulars in relation to controlled entities.

	Country of incorporation	Year ended 30 June 2018 %	Year ended 30 June 2017 %
Bakstaan Boerdery Proprietary Limited *	South Africa	100	100
Baobab Mining & Exploration Proprietary Limited**	South Africa	95	95
Chapudi Coal Proprietary Limited ***	South Africa	74	74
Coal of Africa & ArcelorMittal Analytical Laboratories Proprietary Limited	South Africa	50	50
Cove Mining NL	Australia	100	100
Freewheel Trade and Invest 37 Proprietary Limited	South Africa	74	74
Fumaria Property Holdings Proprietary Limited	South Africa	100	100
Golden Valley Services Proprietary Limited	Australia	100	100
GVM Metals Administration (South Africa) Proprietary Limited	South Africa	100	100
Harrisia Investments Holdings Proprietary Limited	South Africa	100	100
Kwezi Mining Exploration Proprietary Limited ***	South Africa	74	74
Langcarel Proprietary Limited ****	South Africa	–	74
Limpopo Coal Company Proprietary Limited	South Africa	100	100
MbeuYahsu Proprietary Limited	South Africa	74	74
Mooiplaats Mining Limited *****	South Africa	–	74
Pan African Resources Coal Holdings Proprietary Limited	South Africa	100	100
Regulus Investment Holdings Proprietary Limited	South Africa	100	100
Silkwood Trading 14 Proprietary Limited	South Africa	100	100
Tshikunda Mining Proprietary Limited	South Africa	60	60
Tshipise Energy Investments Proprietary Limited	South Africa	50	50
Uitkomst Colliery Proprietary Limited	South Africa	70	91

* Subsidiary company of Fumaria Property Holdings Proprietary Limited
** 69% on completion of the Makhado Project BBBEE transactions
*** Subsidiary companies of MbeuYashu Proprietary Limited
**** Subsidiary company of Mooiplaats Mining Limited
***** Sold during the year together with its subsidiary Langcarel Proprietary Limited

41. EVENTS AFTER THE REPORTING PERIOD

Khethekile Mining (Pty) Ltd

The Company purchased the business operations of Khethekile Mining (Pty) Ltd (Khethekile), the independent mining contractor at the Uitkomst Colliery, The transaction resulted in Uitkomst acquiring all of Khethekile's mining equipment (including conveyor systems and coal mining and transportation equipment) and taking transfer, in accordance with section 197 of the Labour Relations Act of South Africa, of some 340 Khethekile employees. The acquisition of Khethekile's mining assets cost $4.9 million (R65 million) and all regulatory approvals and conditions precedent were met satisfied and the transaction closed on 1 August 2018.

Mooiplaats Colliery S102

The S102 application to, amongst other things, incorporate certain prospecting rights into Mooiplaats Colliery's mining right was approved by the Department of Mineral Resources (DMR) in August 2018. The timing of the ten quarterly payments to settle the remaining balance of R112.9 million of the purchase price was dependent on the S102 approval. The first quarterly payment of R11.3 million was received in August 2018.

Makhado Project regulatory progress

In September 2018 the DMR approved the Environmental Authorisation for the Makhado Project.

There have been no other events between 30 June 2018 and the date of this report which necessitate adjustment to the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity and the consolidated statements of cash flows at that date.

42. PARENT ENTITY FINANCIAL INFORMATION

	Parent entity	
	Year ended 30 June 2018 $'000	Year ended 30 June 2017 $'000
Summary financial information		
Non-current assets	**171,397**	273,541
Current assets	**2,051**	4,058
Total assets	**173,448**	277,599
Non-current liabilities	**2,017**	1,916
Current liabilities	**697**	2,809
Total liabilities	**2,714**	4,725
Net assets	**170,734**	272,874
Shareholders' equity		
Issued capital	**1,040,950**	1,040,950
Accumulated deficit	**(1,052,843)**	(1,026,378)
Reserves	**182,627**	258,302
	170,734	272,874
Loss for the year	**(26,465)**	(74,318)
Total comprehensive loss	**(26,465)**	(74,318)

Contingencies and commitments

- MCMining has subordinated all loans to subsidiary companies
- MCMining has entered into a guarantee for the IDC borrowing facility entered into by Baobab (refer note 25).

INDEPENDENT AUDITOR'S REPORT

to the members of MCMining Limited (formerly Coal of Africa Limited)

Deloitte.

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of MC Mining Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
Carrying value of the Vele Colliery development assets As a result of the decision to prioritise the Makahdo Project, and consequently to delay the redevelopment of the Vele Colliery, the recoverable value of the Vele Colliery was assessed using a life of mine discounted cash flow model, resulting in an impairment charge being recognised of $87.5 million for the year ended 30 June 2018. The assessment of the recoverable value of the Vele Colliery requires management to exercise significant judgement, including the application of the following key assumptions within the impairment model: • long-term coal prices; • long-term exchange rates; • forecast capital expenditure; • forecast operating costs; • forecast production quantities; • discount rate; and • corporate tax rate.	In conjunction with our valuation experts, our procedures included, but were not limited to: • evaluating management's assessment as to whether an impairment indicator existed • testing the mathematical accuracy of the impairment model and the carrying value of the Vele Colliery • assessing key macroeconomic and corporate tax assumptions with reference to external evidence including: long-term coal prices, long-term exchange rates, and corporate tax rates • assessing the reasonableness of management's underlying mine plan including the forecast production, forecast operating costs and forecast capital expenditures • assessing the reasonableness of the discount rate applied • performing sensitivity analysis of the recoverable value of the Vele Colliery to changes in key assumptions We also assessed the appropriateness of the disclosures in note 15 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration report

We have audited the Remuneration Report included in pages 53 to 55 of the Director's Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 27 September 2018

ADMINISTRATION

TENEMENT SCHEDULE

TENEMENTS HELD BY MCM AND ITS CONTROLLED ENTITIES

Project name	Tenement number	Location	Interest %
Chapudi Project*	Albert 686 MS-	Limpopo~	74
	Bergwater 712 MS--		74
	Remaining Extent and Portion 2 of Bergwater 697 MS--		74
	Blackstone Edge 705 MS		74
	Remaining Extent & Portion 1 of Bluebell 480 MS-		74
	Remaining Extent & Portion 1 of Bushy Rise 702 MS--		74
	Castle Koppies 652 MS--		74
	Chapudi 752 MS --		74
	Remaining Extent, Portions 1, 3 & 4 of Coniston 699 MS--		74
	Driehoek 631 MS--		74
	Remaining Extent of Dorps-rivier 696 MS--		74
	Enfield 512 MS (consolidation of Remaining Extent of Enfield 474 MS, Brosdoorn 682 MS & Remaining Extent of Grootvlei 684 MS)--		74
	Remaining Extent and Portion 1 of		74
	Grootboomen 476 MS-		74
	Grootvlei 684 MS--		74
	Kalkbult 709 MS		74
	Remaining Extent, Remaining Extent of Portion 2, Remaining Extent of Portion 3, Portions 1, 4, 5, 6, 7 & 8 of Kliprivier 692 MS-		74
	Remaining Extent of Koodoobult 664 MS-		74
	Koschade 657 MS (Was Mapani Kop 656 MS)-		74
	Malapchani 659 MS-		74
	Mapani Ridge 660 MS-		74
	Melrose 469 MS-		74
	Middelfontein 683 MS-		74
	Mountain View 706 MS-		74
	M'tamba Vlei 654 MS		74
	Remaining Extent & Portion 1 of Pienaar 635 MS-		74
	Remaining Extent & Portion 1 of Prince's Hill 704 MS-		74
	Qualipan 655 MS-		74
	Queensdale 707 MS-		74
	Remaining Extent & Portion 1 of Ridge End 662 MS-		74
	Remaining Extent & Portion 1 of Rochdale 700 MS-		74
	Sandilands 708 MS-		74
	Portions 1 & 2 of Sandpan 687 MS--		74
	Sandstone Edge 658 MS-		74
	Remaining Extent of Portions 2 & 3 of Sterkstroom 689 MS--		74
	Sutherland 693 MS-		74
	Remaining Extent & Portion 1 of Varkfontein 671 MS--		74
	Remaining Extent, Portion 2, Remaining Extent of Portion 1 of Vastval 477 MS-		74
	Vleifontein 691 MS-		74
	Ptn 3, 4, 5 & 6 of Waterpoort 695 MS--		74
	Wildebeesthoek 661 MS-		74
	Woodlands 701 MS-		74

Project name	Tenement number	Location	Interest %
Kanowna West and Kalbara	M27/41	Coolgardie^	2.99
	M27/47		2.99
	M27/59		2.99
	M27/72,27/73		2.99
	M27/114		2.99
	M27/181		7.88
	M27/196		2.99
	M27/414,27/415		2.99
	P27/1826-1829		2.99
	P27/1830-1842		2.99
	P27/1887		2.99
Abbotshall Royalty	ML63/409,410	Norseman^	Royalty
Kookynie Royalty	ML40/061	Leonora^	Royalty
	ML40/135,136		Royalty
Makhado Project	Fripp 645 MS	Limpopo~	69#
	Lukin 643 MS		69#
	Mutamba 668 MS		69#
	Salaita 188 MT		69#
	Tanga 849 MS		69#
	Daru 848 MS		69#
	Windhoek 847 MS		69#
Generaal Project*	Beck 568 MS--	Limpopo~	74
	Bekaf 650 MS-		74
	Remaining Extent & Portion 1 of Boas 642 MS-		74
	Chase 576 MS-		74
	Coen Britz 646 MS-		74
	Fanie 578 MS-		74
	Portions 1, 2 and Remaining Extent of Generaal 587 MS-		74
	Joffre 584 MS-		74
	Juliana 647 MS		74
	Kleinenberg 636 MS-		74
	Remaining Extent of Maseri Pan 520 MS-		74
	Remaining Extent and Portion 2 of Mount Stuart 153 MT--		100
	Nakab 184 MT--		100
	Phantom 640 MS--		74
	Riet 182 MT--		100
	Rissik 637 MS-		100
	Schuitdrift 179 MT-		100
	Septimus 156 MT--		100
	Solitude 111 MT-		74
	Stayt 183 MT--		100
	Remaining Extent & Portion 1 of Terblanche 155 MT--		100
	Van Deventer 641 MS-		74
	Wildgoose 577 MS-		74

TENEMENT SCHEDULE CONTINUED

Project name	Tenement number	Location	Interest %
Mopane Project*	Ancaster 501 MS--	Limpopo~	100
	Banff 502 MS-		74
	Bierman 599 MS-		74
	Cavan 508 MS		100
	Cohen 591 MS--		100
	Remaining Extent, Portions 1 & 2 of Delft 499 MS-		74
	Dreyer 526 MS--		74
	Remaining Extent of Du Toit 563 MS-		74
	Faure 562 MS		74
	Remaining Extent and Portion 1 of Goosen 530 MS --		74
	Hermanus 533 MS-		74
	Jutland 536 MS--		100
	Krige 495 MS-		74
	Mons 557 MS-		100
	Remaining Extent of Otto 560 MS (Now Honeymoon)-		74
	Remaining Extent & Portion 1 of Pretorius 531 MS-		74
	Schalk 542 MS-		74
	Stubbs 558 MS-		100
	Ursa Minor 551 MS--		74
	Van Heerden 519 MS--		74
	Portions 1, 3, 4, 5, 6, 7, 8, 9, Remaining Extent of Portion 10, Portions 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 35, 36, 37, 38, 39, 40, 41, 44, 45, 46, 48, 49, 50, 51, 52 & 54 of Vera 815 MS		74
	Remaining Extent of Verdun 535 MS-		74
	Voorburg 503 MS—		100
	Verdun 535 MS		
	Scheveningen 500 MS		
	Krige 495 MS		
	Delft 499 MS		
	Banf 502 MS		

Project name	Tenement number	Location	Interest %
Uitkomst Colliery and prospects	Portion 3 (of 2) of Kweekspruit No. 22	KwaZulu-Natal~	70
	Portion 8 (of 1) of Kweekspruit No. 22		70
	Remainder of Portion 1 of Uitkomst No. 95		70
	Portion 5 (of 2) of Uitkomst No. 95		70
	Remainder Portion1 of Vaalbank No. 103		70
	Portion 4 (of 1) of Vaalbank No. 103		70
	Portion 5 (of 1) of Vaalbank No. 103		70
	Remainder of Portion 1 of Rustverwacht No. 151		70
	Remainder of Portion 2 of Rustverwacht No. 151		70
	Remainder of Portion 3 (of 1) of Rustverwacht No. 151		70
	Portion 4 (of 1) Rustverwacht No.151		70
	Portion 5 (of 1) Rustverwacht No. 151		70
	Remainder of Portion 6 (of 1) of Rustverwacht No. 151		70
	Portion 7 (of 1) of Rustverwacht No. 151		70
	Portion 8 (of 2) of Rustverwacht No. 151		70
	Remainder of Portion 9 (of 2) of Rustverwacht No. 151		70
	Portion 11 (of 6) of Rustverwacht No. 151		70
	Portion 12 (of 9) of Rustverwacht No. 151		70
	Portion 13 (of 2) of Rustverwacht No. 151		70
	Portion 14 (of 2) of Rustverwacht No. 151		70
	Portion 15 (of 3) of Rustverwacht No. 151		70
	Portion 16 (of 3) of Rustverwacht No. 151		70
	Portion 17 (of 2) of Rustverwacht No. 151		70
	Portion 18 (of 3) of Waterval No. 157		70
	Remainder of Portion 1 of Klipspruit No. 178		70
	Remainder of Portion 4 of Klipspruit No. 178		70
	Remainder of Portion 5 of Klipspruit No. 178		70
	Portion 6 of Klipspruit No. 178		70
	Portion 7 (of 1) of Klipspruit No. 178		70
	Portion 8 (of 1)of Klipspruit No. 178		70
	Portion 9 of Klipspruit No. 178		70
	Remainder of Portion 10 (of 5) of Klipspruit No. 178		70

TENEMENT SCHEDULE CONTINUED

Project name	Tenement number	Location	Interest %
	Portion 11 (of 5) of Klipspruit No. 178		70
	Portion 13 (of 4) of Klipspruit No. 178		70
	Remainder of Portion 14 of Klipspruit No. 178		70
	Portion 16 (of 14) of Klipspruit No. 178		70
	Portion 18 of Klipspruit No. 178		70
	Portion 23 of Klipspruit No. 178		70
	Remainder of Portion 1 of Jackalsdraai No. 299		70
	Remainder of Jericho B No. 400		70
	Portion 1 of Jericho B No. 400		70
	Portion 2 of Jericho B No. 400		70
	Portion 3 of Jericho B No. 400		70
	Remainder of Jericho C No. 413		70
	Portion 1 of Jericho C No. 413		70
	Remainder of Portion 1 of Jericho A No. 414		70
	Remainder of Portion 2 (of 1) of Jericho A No. 414		70
	Portion 3 (of 1) of Jericho A No. 414		70
	Portion 4 (of 1) of Jericho A No. 414		70
	Portion 5 (of 2) of Jericho A No. 414		70
	Portion 6 (of 1) of Jericho A No. 414		70
	Margin No. 420		70
Vele Colliery and prospect	Portions of Overvlakte 125 MS (Remaining Extent, 3, 4, 5, 6, 13, 14)	Limpopo~	100
	Bergen Op Zoom 124 MS		100
	Semple 155 MS		100
	Voorspoed 836 MS		100
	Alyth 837 MS		100
Tshikunda	Certain portions of unsurveyed state land known as Mutale	Limpopo~	60

* Form part of the GSP
\- Lapsed – Mining Right application lodged
-- Valid – Mining Right application lodged
~ Tenement located in the Republic of South Africa
^ Tenement located in Australia
# MCM's interest will reduce to 69% on completion of the 26% broad based BEE transaction

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

	Shareholders	Number of shares	%
1	M & G Investment Management Ltd	23,600,091	16.75
2	Haohua Energy International (Hong Kong) Resource Co., Ltd	23,120,879	16.41
3	Yishun Brightrise Investment PTE Limited	21,413,462	15.20
4	Pan African Resources, Plc	13,064,382	9.27
5	Summer Trees Pte Ltd	12,894,231	9.15
6	TMM Holdings (Pty) Ltd	10,750,000	7.63
7	Investec Group	6,540,293	4.64
8	ArcelorMittal SA	6,306,672	4.48
9	Jun Liu	3,347,535	2.38
10	Barclays, Plc	2,240,178	1.59
11	Vitol Energy (Bermuda), Ltd	1,220,880	0.87
12	Y He	921,500	0.65
13	Shinning Capital Holdings II LP	706,750	0.50
14	HSBC Holdings Plc	509,261	0.36
15	Jan Albert Van Der Merwe	461,470	0.33
16	Ping He	443,444	0.31
17	Carla Ferreira	334,455	0.24
18	Interactive Investor Share Dealing Services	321,324	0.23
19	Jannie Abraham Nel	250,000	0.18
20	Justin Collen	230,000	0.16

SUBSTANTIAL SHAREHOLDERS

1	M & G Investment Management Ltd	23,600,091	16.75
2	Haohua Energy International (Hong Kong) Resource Co., Ltd	23,120,879	16.41
3	Yishun Brightrise Investment PTE Limited	21,413,462	15.20
4	Pan African Resources, Plc	13,064,382	9.27
5	Summer Trees Pte Ltd	12,894,231	9.15
6	TMM Holdings (Pty) Ltd	10,750,000	7.63

REPORTING IN LINE WITH GRI

MCMining has reported in line with the GRI Standards as detailed in this table. This report has been prepared in accordance with the GRI Standards: Core option.

Gri standard	Disclosure	Page
GRI 101: Foundation	Stakeholder inclusiveness	Scope of the report: inside front cover Chairman's statement: 7 Operations and projects: 12-15 Sustainable development review: 22-35 Stakeholder engagement: 25-28 Environmental management: 30-31 Corporate social investment: 32-35 Notes to the consolidated financial statements: 67
	Sustainability context	Scope of the report: inside front cover Chairman's statement: 7 Sustainable development review: 22-35 Corporate governance statement: 36-46
	Materiality	Chairman's statement: 7 CEO's report: 8-11 Operations and projects: 12-15 Reserves and resources statement: 17-21 Sustainable development review: 22-35 Corporate governance statement: 36-46 Directors' report: 47-58 Notes to the consolidated financial statements: 68, 82, 87 and 97
	Completeness	Scope of the report: inside front cover Chairman's statement: 7 CEO's report: 8-11 Operations and projects: 12-15 Reserves and resources statement: 17-21 Sustainable development review: 22-35 Corporate governance statement: 36-46 Directors' report: 51 and 53-54 Notes to the consolidated financial statements: 68, 82, 87 and 97
	Accuracy	Scope of the report: inside front cover CEO's report: 8-11 Operations and projects: 12-15 Regulatory compliance update: 16 Reserves and resources statement: 17-18 and 20-21 Stakeholder engagement: 25-26 Environmental management: 30-31 Corporate governance statement: 37-46 Directors' report: 50-51 and 53-54
	Balance	Scope of the report: inside front cover Chairman's statement: 7 CEO's report: 8-11 Stakeholder engagement: 26 Environmental management: 30-31 Corporate governance statement: 43 Directors' report: 50

Gri standard	Disclosure	Page
GRI 101: Foundation *continued*	Clarity	Scope of the report: inside front cover Features of the year: 1 About MCMining: 2-3 Summary of operations and projects: 4 CEO's report: 11 Operations and projects: 12 and 14-15 Reserves and resources statement: 18-21 Sustainable development review: 23 Stakeholder engagement: 25-28 Environmental management: 30-31 Corporate social investment: 35 Glossary of terms and acronyms: 137
	Comparability	CEO's report: 9-10 Operations and projects: 14 Regulatory compliance update: 16 Reserves and resources statement: 17-18 and 20-21 Stakeholder engagement: 25 Environmental management: 30-31 Corporate governance statement: 37 and 41-42 Directors' report: 50-51, 54-55 and 57-58 Consolidated statement of profit or loss and other comprehensive income: 62 Consolidated statement of financial position: 63 Consolidated statement of changes in equity: 64 Consolidated statement of cash flows: 66 Notes to the consolidated financial statements: 67, 78, 84-93, 95-104, 106-108 and 110-116
	Reliability	Reserves and resources statement: 17 Independent auditor's report: 118-120
	Timeliness	Scope of the report: inside front cover Chairman's statement: 7 CEO's report: 8 and 10 Stakeholder engagement: 28 Environmental management: 30 Directors' report: 51 Notes to the consolidated financial statements: 67-68, 93 and 100

REPORTING IN LINE WITH GRI CONTINUED

General disclosures	Disclosure	Page
	Organisational profile	
GRI 102: General disclosures	102-1: Name of the organisation	Throughout this report
	102-2: Activities, brands, products and services	About MCMining: 2-3 Summary of operations and projects: 4 Notes to the consolidated financial statements: 67 and 82-83
	102-3: Location of headquarters	Corporate information: 138
	102-4: Location of operations	About MCMining: 2 Summary of operations and projects: 4 Operations and projects: 12 Tenement schedule: 122-126
	102-5: Ownership and legal form	Scope of the report: inside front cover About MCMining: 2 Notes to the consolidated financial statements: 67, 87, 113 and 115 Shareholder information: 127
	102-6: Markets served	About MCMining: 3 Chairman's statement: 7 CEO's report: 9-10 Operations and projects: 14-15 Directors' report: 50
	102-7: Scale of the organisation	About MCMining: 2-3 Summary of operations and projects: 4 Chairman's statement: 7 CEO's report: 8 Operations and projects: 12 and 14
	102-8: Information on employees and other workers	Chairman's statement: 7 CEO's report: 8-11 Operations and projects: 14-15 Reserves and resources statement: 17-18 Stakeholder engagement: 26 Employment: 29 Corporate social investment: 32 Corporate governance statement: 37-46 Directors' report: 47-58 Consolidated statement of changes in equity: 64-65 Consolidated statement of cash flows: 66 Notes to the consolidated financial statements: 69, 78-79, 86-87, 101, 103-106, 112-113 and 115

General disclosures	Disclosure	Page
GRI 102: General disclosures *continued*	102-9: Supply chain	About MCMining: 3-4 Chairman's statement: 7 CEO's report: 8-10 Operations and projects: 12 and 14-15 Reserves and resources statement: 17-21 Stakeholder engagement: 25, 27 Directors' report: 50-51 Notes to the consolidated financial statements: 67
	102-10: Significant changes to the organisation and its supply chain	Chairman's statement: 7 CEO's report: 10 Operations and projects: 15 Reserves and resources statement: 20 Stakeholder engagement: 26 Directors' report: 50 Notes to the consolidated financial statements: 68, 80-81 and 103
	102-11: Precautionary principle or approach	CEO's report: 8 Operations and projects: 15 Stakeholder engagement: 25 Environmental management: 30-31 Corporate governance statement: 38 and 44-45 Directors' report: 51 Notes to the consolidated financial statements: 82, 98 and 101-102
	102-12: External initiatives	Scope of the report: inside front cover Chairman's statement: 7 CEO's report: 8 and 10-11 Operations and projects: 14-15 Regulatory compliance update: 16 Reserves and resources statement: 17-18 Stakeholder engagement: 25-26 and 28 Environmental management: 30-31 Corporate governance statement: 37-46 Directors' report: 50 Directors' declaration: 60 Notes to the consolidated financial statements: 67 and 82 Independent auditor's report: 120
	102-13: Membership of associations	Reserves and resources statement: 17 Stakeholder engagement: 25 and 28

REPORTING IN LINE WITH GRI CONTINUED

General disclosures	Disclosure	Page
GRI 102: General disclosures *continued*	**Strategy**	
	102-14: Statement from senior decision-maker	Chairman's statement: 7 CEO's report: 8
	Ethics and integrity	
	102-16: Values, principles, standards and norms of behaviour	Scope of the report: inside front cover Reserves and resources statement: 17-18 Corporate governance statement: 37-46 Director's declaration: 60 Notes to the consolidated financial statements: 67, 69 and 80-81 Independent auditor's report: 118-120
	Governance	
	102-18: Governance structure	CEO's report: 8 Operations and projects: 15 Stakeholder engagement: 26 Environmental management: 31 Corporate governance statement: 37-46 Directors' report: 47-58 Notes to the consolidated financial statements: 79-80, 107 and 109
	Stakeholder engagement	
	102-40: List of stakeholder groups	Stakeholder engagement: 24-28 Shareholder information: 127
	102-41: Collective bargaining agreements	Information unavailable New wage agreement to be negotiated in June 2019
	102-42: Identifying and selecting stakeholders	Operations and projects: 15 Sustainable development review: 23 Stakeholder engagement: 25 Corporate social investment: 35
	102-43: Approach to stakeholder engagement	Stakeholder engagement: 25-28
	102-44: Key topics and concerns raised	Stakeholder engagement: 25-28
	Reporting practice	
	102-45: Entities included in the consolidated financial statements	Notes to the consolidated financial statements: 116 Tenement schedule: 122-126
	102-46: Defining report content and topic boundaries	Scope of the report: inside front cover Reserves and resources statement: 17 Corporate governance statement: 37-38, 41 and 43-45 Independent auditor's report: 119
	102-47: List of material topics	CEO's report: 11
	102-48: Restatements of information	Notes to the consolidated financial statements: 68
	102-49: Changes in reporting	Reserves and resources statement: 20 Notes to the consolidated financial statements: 68 and 80-81

General disclosures	Disclosure	Page
GRI 102: General disclosures *continued*	102-50: Reporting period	Scope of the report: inside front cover
	102-51: Date of most recent report	Throughout this report
	102-52: Reporting cycle	Throughout this report
	102-53: Contact point for questions regarding the report	Scope of the report: inside front cover
	102-54: Claims of reporting in accordance with the GRI Standards	Scope of the report: inside front cover Reporting in line with GRI: 128
	102-55: GRI content index	Reporting in line with GRI: 128-136
	102-56: External assurance	Independent auditor's report: 118-120

Material topics	Disclosure	Page
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	CEO's report: 11
	103-2: The management approach and its components	CEO's report: 11 Operations and projects: 14 Stakeholder engagement: 26 Corporate governance statement: 37-38 and 44 Directors' report: 50-52 Notes to the consolidated financial statements: 82-83, 100 and 107
	103-3: Evaluation of the management approach	Operations and projects: 15 Environmental management: 30-31 Corporate governance statement: 37-38 and 42-45 Directors' report: 52 Independent auditor's report: 118-120
GRI 201: Economic performance	201-1: Direct economic value generated and distributed	CEO's report: 9-10 Operations and projects: 14-15 Corporate social investment: 32-35 Corporate governance statement: 45 Directors' report: 50-51 and 53-56 Consolidated statement of profit or loss and other comprehensive income: 62 Consolidated statement of financial position: 63 Consolidated statement of changes in equity: 64-65 Consolidated statement of cash flows: 66 Notes to the consolidated financial statements: 67, 79, 84-94, 97, 99, 101-106 and 112-116
	201-2: Financial implications and other risks and opportunities due to climate change	Information unavailable (steps being taken to obtain information by 30 June 2019)
	201-3: Defined benefit plan obligations and other retirement plans	Corporate governance statement: 45 Directors' report: 52-53 and 55-56 Notes to the consolidated financial statements: 79, 105 and 113
	201-4: Financial assistance received from government	CEO's report: 9 Operations and projects: 15 Directors' report: 50 Notes to the consolidated financial statements: 100-101

REPORTING IN LINE WITH GRI CONTINUED

Material topics	Disclosure	Page
GRI 202: Market presence	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	Information unavailable The Company will disclose benchmark wages against minimum industry standards in FY2019
	202-2: Proportion of senior management hired from the local community	Operations and projects: 14 Employment: 29 Corporate governance statement: 39
GRI 203: Indirect economic impacts	203-1: Infrastructure investments and services supported	Corporate social investment: 32-35
	203-2: Significant indirect economic impacts	Chairman's statement: 7 CEO's report: 8-11 Operations and projects: 14 Stakeholder engagement: 27 Corporate social investment: 32-35 Directors' report: 50-51
GRI 204: Procurement practices	204-1: Proportion of spending on local suppliers	Stakeholder engagement: 27 Corporate social investment: 32 and 35
GRI 302: Energy	302-1: Energy consumption within the organisation	Environmental management: 31
	302-2: Energy consumption outside of the organisation	Information unavailable (steps being taken to obtain information by 30 June 2019)
	302-3: Energy intensity	Information unavailable (steps being taken to obtain information by 30 June 2019)
	302-4: Reduction of energy consumption	Environmental management: 31
	302-5: Reductions in energy requirements of products and services	Environmental management: 31
GRI 303: Water and effluents	303-1: Interactions with water as a shared resource	CEO's report: 8 Stakeholder engagement: 25 Environmental management: 30-31 Corporate social investment: 35 Directors' report: 51
	303-2: Management of water discharge-related impacts	Environmental management: 30
	303-3: Water withdrawal	Environmental management: 30
	303-4: Water discharge	Vele and Uitkomst Collieries are closed water systems
	303-5: Water consumption	Environmental management: 30

Material topics	Disclosure	Page
GRI 304: Biodiversity	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	CEO's report: 8 Operations and projects: 15 Stakeholder engagement: 25 and 28 Environmental management: 30-31 Notes to the consolidated financial statements: 101
	304-2: Significant impacts of activities, products and services on biodiversity	CEO's report: 8 Operations and projects: 15 Stakeholder engagement: 25 and 28 Environmental management: 30-31 Notes to the consolidated financial statements: 101
	304-3: Habitats protected or restored	Stakeholder engagement: 28 Environmental management: 31
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations	Vele Colliery on care and maintenance, information to be disclosed when operations resume
GRI 403: Occupational health and safety	403-1: Occupational health and safety management system	Chairman's statement: 7 CEO's report: 8 and 11 Safety and health: 24 Corporate governance statement: 38 and 44 Directors' report: 52
	403-2: Hazard identification, risk assessment and incident investigation	CEO's report: 8 and 11 Safety and health: 24 Corporate governance statement: 38 and 44
	403-3: Occupational health services	CEO's report: 8 Safety and health: 24
	403-4: Worker participation, consultation and communication on occupational health and safety	CEO's report: 8 Safety and health: 24
	403-5: Worker training on occupational health and safety	CEO's report: 8 Safety and health: 24
	403-6: Promotion of worker health	CEO's report: 8 Safety and health: 24
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	CEO's report: 8 Safety and health: 24
	403-8: Workers covered by an occupational health and safety management system	Chairman's statement: 7 CEO's report: 8 and 11 Safety and health: 24 Corporate governance statement: 38 and 44 Directors' report: 52
	403-9: Work-related injuries	Chairman's statement: 7 CEO's report: 8 Safety and health: 24 Operations and projects: 14 Directors' report: 50
	403-10: Work-related ill health	Information unavailable (steps being taken to obtain information by 30 June 2019)

REPORTING IN LINE WITH GRI CONTINUED

Material topics	Disclosure	Page
GRI 404: Training and education	404-1: Average hours of training per year per employee	Information unavailable (steps being taken to obtain information by 30 June 2019)
	404-2: Programmes for upgrading employee skills and transition assistance programmes	Stakeholder engagement: 25 and 27 Corporate social investment: 32 and 34
	404-3: Percentage of employees receiving regular performance and career development reviews	Corporate governance statement: 37 and 39-40 Directors' report: 53-54
GRI 405: Diversity and equal opportunity	405-1: Diversity of governance bodies and employees	Chairman's statement: 7 CEO's report: 9-10 Operations and projects: 14-15 Corporate governance statement: 38-40 Directors' report: 50-51
	405-2: Ratio of basic salary and remuneration of women to men	Corporate governance statement: 45 Directors' report: 50 and 53-58
GRI 413: Local communities	413-1: Operations with local community engagement, impact assessments and development programmes	Stakeholder engagement: 25-28 Corporate social investment: 32-35
	413-2: Operations with significant actual and potential negative impacts on local communities	Stakeholder engagement: 24-28 Corporate social investment: 32-35
GRI 414: Supplier social assessment	414-1: New suppliers that were screened using social criteria	Stakeholder engagement: 27 Employment: 29 Corporate social investment: 32-35 Corporate governance statement: 41
	414-2: Negative social impacts in the supply chain and actions taken	Stakeholder engagement: 27 Corporate social investment: 32-35 Corporate governance statement: 41

GLOSSARY OF TERMS AND ACRONYMS

AGM	Annual general meeting
AIM	Alternative Investment Market
ASX	Australian Securities Exchange
BEE	Black Economic Empowerment
BOA	Biodiversity Offset Agreement
Boabab	Baobab Mining and Exploration (Pty) Ltd
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRIRSCO	Committee for Mineral Reserves International Reporting Standards
DEA	Department Environmental Affairs
DMR	Department of Mineral Resources
DTI	Department of Trade and Industry
DWS	Department of Water and Sanitation
EA	Environmental Authorisation
ECO	Environmental Control Officer
EIA	Environmental Impact Assesment
EMC	Environmental Management Committee
EMP	Environmental Management Plan
EMPr	Environmental Management Programme
EMS	Environmental Management System
GRI	Global Reporting Initiative
GSP	Greater Soutpansberg Project
HDSA	Historically Disadvantaged South African
ICMM	International Council on Mining and Metals
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
Implats	Impala Platinum Holdings Limited
IWUL	Integrated Water Use Licence
JORC	Australasian Joint Ore Reserves Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JSE	Johannesburg Stock Exchange Limited
Khethekile	Khethekile Mining (Pty) Ltd
King III	King Report on Governance for South Africa, 2009
KPI	Key performance indicators
KZNDTEA	KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
LEDET	Limpopo Department of Economic Development, Environment and Tourism
LoM	Life-of-mine
LSE	London Stock Exchange
LTI	Lost time injuries
MCM	MCMining Limited
MCoL	Makhado Centre of Learning
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MPRDA	Mineral and Petroleum Development Act
NDP	National Development Plan
NEMA	National Environmental Management Act
NIHL	Noise induced hearing loss
NOMR	New Order Mining Right
NWA	National Water Act
PMP	Pump Modification Plant
RMB	Rand Merchant Bank
ROM	Run-of-mine
SACNASP	South African Council for Natural Scientific Professions
SAIMM	South African Institute of Mining and Metallurgy
SAMREC	The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SANParks	South African National Parks
SEZ	Special Economic Zone
SLP	Social and Labour Plan
SVM	Sustainable Value Model
tph	Tonnes per hour
Uitkomst	Uitkomst Colliery Proprietary Limited
VWAP	Volume weighted average price
WRP	Workplace Readiness Programme

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